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The

CREDIT WORLD



PROLOGUE TO 1931 BUSINESS

CONSUMER CREDIT
AND UNEMPLOYMENT

DEPARTMENT OF COMMERCE,
SEMI-ANNUAL SURVEY

COLLECTION LETTERS THAT FIT

RETAIL TRADE IN CHICAGO—
CENSUS OF DISTRIBUTION

JANUARY, 1931



"America's Finest Ginger Ale"

A high collection percentage each month is an accomplishment of great benefit to business.

In recognition of this we offer a carton of Busch extra dry ginger ale each month—not just to one but to ten credit men reporting the highest monthly collection percentage anywhere in the United States.

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ANHEUSER-BUSCH - - ST. LOUIS



JUNE

16 - 19

1931

IT WON'T BE
LONG NOW « «

UNTIL THE
CREDIT CLAN FORGATHERS
AGAIN « « « « « THIS TIME IN
ST. LOUIS
JUNE 16 - 19

WE HAVE rounded the bend. June is in sight—only five short months away, but already beckoning to us with an alluring promise for the greatest convention that credit men have ever had.

Reservations have been steadily growing since the committee announced some time ago an advance enrollment of 150.

That was portent enough. The last convention was barely cool before they had 150 promises for the next.

This year is destined to be the greatest the association has ever known. If you will look at the chart on page 24 of this issue you will see the rapid and miraculous growth of credit since 1920.

The association must keep ahead. An insistent demand is pushing it—and convention time is when the plans are made—when the course is charted.

Every red-blooded son of credit must surely want to be in the swim. How can he stand aloof while history is being made.

The spirit of St. Louis calls. It is only a whisper now, which you may not heed, but you will as time advances.

Make your plans now!
Ours have been made

ST. LOUIS CONVENTION
COMMITTEE



"At the sign of" are words hoary with tradition: "at the sign of the cross"—"at the sign of the sword"—"at the sign of the crown"—and countless other tokens that convey an instant meaning—nearly always inspiring and assuring, because they symbolize some cause or traditional accomplishment.

Will retail credit men let their ranks increase and their service to business become more and more indispensable without setting up before themselves and for all the world to see a symbol

It is a beautiful sign which will grace any credit office with becoming dignity. It will sell for

\$1.50

*(When we have sufficient orders to justify a quantity purchase.)
It will be shipped to you complete with chain properly packed and boxed.*

FILL IN THE COUPON NOW

National Retail Credit Association,
1218 Olive Street, St. Louis, Mo.

Please take my order for sign (s) at \$1.50 each to be filled only if sufficient orders are placed to justify initial purchase.

Name.....

Address.....

The CREDIT WORLD

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

January, 1931

Vol. XIX

No. 5

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This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association; in all other respects the Association cannot be responsible for the contents thereof or for the opinions of writers.

CHANGE OF ADDRESS: A request for change of address must reach us at least one month before the date of the issue with which it is to take effect. Duplicate copies cannot be sent without charge to replace those undelivered through failure to send this advance notice. With your new address it is absolutely essential that you also send us your old one. Entered as second-class matter at the post office at St. Louis, Mo., under the Act of March 3, 1879. Published monthly at 1218 Olive Street, St. Louis, Mo. Subscription, including membership in the National Retail Credit Association, \$5.00 per year.

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Office of the Solicitor General
Washington, D. C.

December 19, 1930.

James R. Hewitt, Esquire,
National Retail Credit Association,
The Hub, Baltimore and Charles Streets,
Baltimore, Maryland.

Dear Mr. Hewitt:

The trouble which you took in coming to Washington to attend the bankruptcy committee meeting yesterday, and your advice and judgment concerning the matters presented, are very much appreciated.

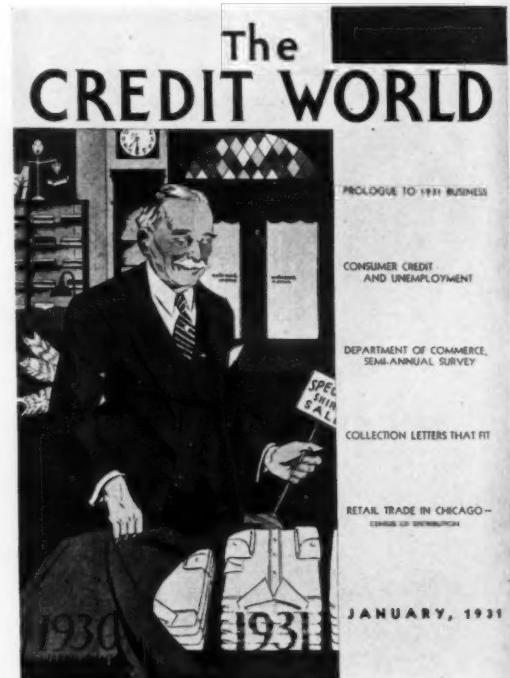
It is gratifying to have the support and assistance of the National Retail Credit Association in completing the investigation which this department is conducting.

Sincerely yours,

THOMAS D. THACHER,
Solicitor General.

T/E

The letter above is reprinted as a tribute to Mr. Hewitt, who has brought so many honors to the National Retail Credit Association through the same unselfish service as the one above referred to.



As the merchants all over the country opened their stores for business on the second of January, they did not just open for a new day, but for a new year.

Our cover this month attempts to illustrate the hope that a new year has brought to so many.

The old gentleman faces the future courageously, but a little apprehensive.

He has resolved, as you see by his store and the table from which he is removing the cover, to do his very best to have his windows always well dressed, and no cobwebs around—the rest he will leave to providence.

The CREDIT WORLD

NEWS OF THE MONTH

Retail Credit Events of
North - East - West - South
are reported each month in these
columns of the Credit World



ON DECEMBER 29, 1930, the American Statistical Association and the American Economic Association met in convention at Cleveland. Colonel Leonard P. Ayres of the Cleveland Trust Company said that the outlook is optimistic, but the science of statistics must carry the torch in leading the way through the new receding wave of depression.

The House Judiciary Committee held a hearing in December upon a bill for a federal group to study constantly the unemployment problem.

The merchants of New York state took action against the proposed sales tax in that state. Minnesota and Ohio are both faced with the same problem.

Retail census data was issued in four cities: Seattle, \$258,935,494; Spokane, \$77,000,000, and Everett, \$22,000,000; Chicago, \$2,153,626,553.

The Bureau of Census announces that the U. S. feminine apparel output in 1929 was \$1,584,929,002.

Mr. E. C. Riegel attacks Better Business Bureaus in *Printers Ink* article, calling on them to prove that they are organized for public protection and not for private promotion.

The United States Department of Commerce (domestic division) launches a bureau to aid small stores—offering facilities for small merchants to work out their problems.

Prohibition succeeds the tariff question as the most important factor in the return of good times, according to a survey undertaken by the Sherman Corporation.

At the district managers banquet of the J. C. Penney Company a policy of low mark-up for

1931 was announced by Ray H. Ott, head of public relations and director of the company.

The Atlanta Chamber of Commerce initiates a chain paying plan. This method of chain paying is always done by check, often made out for \$1.00 and on an oversize bank order, permitting later display of the paper with all of the signatures of persons and firms who have been paid and who in turn have paid others. Changing hands maybe hundreds of times in the course of a few days, such a check, with all of the endorsements on its spacious reverse side, provides an excellent picture of what \$1.00 can do in discharging small accounts if it is kept working steadily, and no one the loser.

John C. Leary, for the past twelve years controller with the Gamble-Desmond Co. department store, has been promoted to the position of general manager and assistant to the president of the company, David S. Gamble.

That the promotion is a popular one and well deserved, was readily made manifest by the many words of well-wishing that greeted Mr. Leary from his associates throughout the store when the announcement was issued from Mr. Gamble's office.

Mr. Leary was a regular delegate for many years to the National Retail Credit Association conventions, and the good wishes of THE CREDIT WORLD join with Mr. Leary's many other friends.

Washington announces a special census to be undertaken of unemployed in twenty United States cities.

The Ford Employe Investment Fund cut a \$2,000,000 melon, which represented a return of 10 per cent to the employe depositors.

CREDITORIALS

[Trade Mark registered U. S. Patent Office by Louis I. Grigsby,
General Manager, Philadelphia Credit Bureau]

forward

I **A**LEXANDER, one of the world's greatest military leaders, once asked by a member of his staff group as to the direction of the march at the dawn of a new day, replied, "Forward, always forward." Now that the new year 1931 stands on the threshold there is considerable speculation as to those steps of progress which are held in store for the National Retail Credit Association. There is only one direction in which we can march . . . forward. It is the desire of every member to see more things started with a sense of enthusiasm, carried along with a feeling of conviction, and finally concluded with the assurance of a real job well done.

The life-blood of the association is the activity and participation of its membership, singly and collectively, and much that can be planned for the new year can come from the advice of those on the "firing line." What are some of the current problems which demand attention and whose solution would help the National Retail Credit Association to make still greater strides ahead? One of the most prized contributions which the membership can make to the National headquarters can be conceived as suggestions for problem study. What can be improved; what do you need to know that is not available now?

It is timely to mention again that the National convention, expected in St. Louis, June, 1931, will be a gathering far outstripping the preceding ones and that the memories which each one attending collects will well repay him for his attendance.

II Sad Admission

Issuing straight from the shoulder and aimed somewhere back of the eye this minute harangue should strike a resonant cord in the minds of retail credit men who yearn to know more about their immediate problems.

Ask whoever you will and the best answer to your request for accurate information on retail credit trends can only be opinions. It is a sad admission to make, but there is at present no satisfactory means of gauging national or even sectional conditions in this important division of the retailing field. Is it any wonder that some policies must be adjusted week by week? Undoubtedly, a great boon to modern retail business will come from the collection and distribution of accurate marketing news of the trends of retail credit throughout the country. The National Retail Credit Association has taken steps to gather monthly data.

Thus far the main thought has been to devise ways and means by which this invaluable information can be placed in the hands of those who need it most, and how the cost can be met. This, however, is not an impass, so we are expecting that time will show us the solution.

A request for co-operation will fall on some seventy-five carefully selected local bureaus which we feel are representative of the country at large. On the basis of their current experiences we shall be able to issue a monthly report as to local, sectional and, finally, national conditions in retail credit.

At least two of the speakers at the recent convention of economists and statisticians commented upon the lack of current information available to analysts on the all-important subject of consumer credit. The U. S. Department of Commerce has made a valuable contribution to business in their semi-annual survey, but there is need for a monthly analysis.

C R E D I T O R I A L S

Economic Preparedness

Economic succor may be on the horizon if the suggestion made by L. W. Wallace, executive secretary of the American Engineering Council, can be made effective. In his presentation made in Washington recently, before certain collegiate officials, he advocated a remedial measure which sounds like it might prove to be a boon in future occurrences like the present declining one.

In his talk, "Business Cycles," Mr. Wallace has proposed the formation of a National Council of Economic Preparedness which will control all activities in periods of business stress. This body will co-ordinate all governmental operations to produce economical management, the distribution of public works as required by the business cycle (which by the way cannot be thoroughly eliminated) and to familiarize the nation with actual conditions, pointing out natural cures within sufficient time to aid the situation. This cannot be a governmental operation without some practical assistance from the outside.

As good as the plan is on first reading, it does offer weaknesses that are surmountable. While it approaches an economic dictatorship that will bring down considerable storm from the galleries, it does seem something of that nature is necessary to force attention to the common good of the entire nation. Under the joint leadership of the federal authorities it may provide just another plum for some softly upholstered politician who "deserves" the position but whose intelligence factor could not be found with a good microscope. But the best afterthought about this proposal is the appreciation that the country recognizes this economic situation as a distinct problem, that it is setting about to discover some means by which this malady can be lessened if not cured entirely, and, eventually, if the first plan does not prove to be all that is expected of it, we shall have subsequent ones built more lasting upon the faults of the preceding ones.

Together We Stand

Simple truths well understood become the foundation stones of great structures. Some one hundred and fifty years ago the first President of these United States in discussing the possibilities of the new nation, just born, said, "The very idea of the power and the right of the people to establish government, presupposes the duty of every individual to obey the established government."

It has been the privilege of many of our local associations to have had a direct part in the up-building of the National Retail Credit Association by the contribution of men who have labored with no other thought in mind than the establishment of a safe and sane credit policy in every town and hamlet throughout the land, and likewise they have been active as associations in examining carefully into new National propositions in order that the National Board may have the conclusions of those earnestly seeking safe ground in all of our National endeavors. No greater service could be rendered our National Association than that of enlisting each local and state association to the need of bending the minds of all to a common task and Nationally we will rise in power and influence as we tie all local units together in a common cause.

It is interesting at times to be retrospective in ones thoughts and to be able to grasp fully the fact that the realization of the obligation of the local association to the National by the pioneer locals in our National body, has been the power that has led our National organization successfully during these past eighteen years, but it is to the future that we should turn and that we are most concerned about. There is a thought here that I would emphasize, and that is that as in the local association the will of the majority shall prevail in like manner Nationally we must work together, realizing that one of our greatest obligations to our National Association is willingness to co-operate.

III

IV

Business ups and downs have been declared by many economists as unnecessary. This may be true just as war is unnecessary, but the big problem is to find a way to make practical preventive measures function. A national council of economic preparedness is a great idea, but we doubt if it could be made to function while the time-honored law of the jungle still prevails.

V The Sales Tax Menace

SOME states now have a sales tax and others are faced with the possibility. It is, in our opinion, an ineffective and unjust form of taxation, and in order to acquaint merchants with some aspects of the problem, we have here borrowed from the arguments against it recently presented to the New York State Commission for the revision of the tax laws by a committee of the New York City Retail Dry Goods Association.

Andrew W. Mellon, in his work, "Taxation: The People's Business," states that a sound tax policy should produce sufficient revenue for the government; should lessen so far as possible the burden of taxation on those least able to bear it, and should remove influences which might retard the continued, steady development of industry and business, on the success of which in the last analysis, the well-being of civilized peoples depends.

Let us then consider how a sales tax measures up to the requirements of a sound tax policy.

First: Will a sales tax provide sufficient revenue to shift the burden to any appreciable extent from present sources?

Briefly stated, sales taxes are of three types: Multiple (or turnover), retail and luxury (or limited).

Under the multiple plan a tax is attached to every transaction that constitutes a sale or exchange of commodity. Under such a plan some articles have as many as five or six taxes added to their cost before they come into the hands of the ultimate consumer. The unfairness of such a tax is so apparent that we need not give it serious consideration.

Consider the retail sales tax.

It is estimated that annual sales at retail in New York state, for example, amount to six billion dollars. Under a sales tax of 1 per cent, which is considered heavy, this produces only sixty millions gross tax income, and it is estimated that by reason of administrative difficulties, evasions, exemptions and the like, and collection costs, the net to the state is cut in half. This is already proven in Georgia, for example, where it was less than half.

Second: Will the sales tax be paid by the consumer?

It must either be passed on to the consumer or absorbed by the merchant. After making a careful analysis of a typical city, Paul H. Nystrom, professor of marketing, School of Business, Columbia University, found that of 145 merchants, within twelve years only eighteen remained in business, and that the statistics showed that at the end of each year 25 per cent of those who had started the year were gone. The margin of profit of the retailer today is represented by such a small percentage of his sales that a sales tax of 1 per cent in many cases leaves him no profit at all.

The merchant soon devises means of transferring the tax to his customers. The only alternative is to reduce expenses of operation. Salaries and wages comprise about 50 per cent of the retailer's expense. Publicity is a large expense item; these two items are the most easily controlled. Certainly they do not wish to reduce the number of employees or their salaries, for such action tends to more unemployment or a lowering of the standard of living. Neither do they wish to reduce the amount of money spent with the newspapers, for a reduction of advertising means lower sales which in turn mean fewer employees, a rising ratio of other expenses to sales, and less distribution, which in turn results in decreasing production with the same consequential effects upon that branch of industry.

Third: Would a sales tax fall most lightly on those least able to bear it?

More crimes, both political and economic, have been committed in the name of taxation than in anything else. Taxation is necessary to the support of government and there are diverse ways of levying it, but we think a sales tax is a misplaced tax. We believe it will work a great injustice on the wage earning class and should be strongly opposed by merchants' organizations in those states where it is threatening.

CREDITORIALS

When a sales tax is passed on to the consumer it becomes essentially a consumption tax. It increases the price of goods purchased for consumption and consequently increases the cost of living. Therefore, in proportion to incomes it tends to burden the poorer classes more heavily than the richer classes. In the case of lower income individuals a larger proportion of their income is devoted to consumption expenditures than in the higher income group; therefore, a proportional tax is laid upon a larger part, if not all, of the income of poorer individuals than of rich individuals, and the burden of the tax rests heaviest on those least able to bear it.

Fourth: Will a sales tax interfere as little as possible with the development of industry and business?

As stated above, sales tax, we believe, passes on to the consumer. But, in the highly competitive retail field, with the added disadvantage of alert competition from outside the state, the transfer is difficult and slow. In the meantime retail establishments have to absorb the tax themselves, and since their average profits are none too large many operate at a loss, with the result that many of them have to discontinue business.

To introduce a plan of taxation that involves not alone the addition of a tax but makes the retail merchant the tax collector with the incidental expense involved therein quite obviously constitutes a serious blow to a very important element of business. It is claimed by many economists and practically all the producers that the greatest economic weakness is one of distribution. A sales or consumer tax of any type is a definite handicap to this factor in our economic organism. Distribution must be strengthened in the next decade. This cannot be accomplished if it is at the same time to be handicapped.

Fifth: Can a sales tax be collected at a reasonable cost?

The collection of a retail sales tax at first thought appears to be a simple matter. It nevertheless presents serious administrative problems. Chief among these are the problems of determining who should be retail taxpayers, the number of returns involved and the question of retail sales made to business concerns.

If retail sales to business concerns are exempted and retail sales made by wholesalers and manufacturers taxed, the sellers are no doubt required to report such sales separately. This involves multiplicity of accounts and open paths to evasion.

A retail sales tax means a very large number of insignificant tax accounts whose checking and supervision must be excessively expensive compared with the revenue derived.

The other form of sales tax is the luxury tax, often referred to as a "nuisance tax." Immediately a luxuries tax is attempted a host of unsolvable administrative difficulties arise. Only one American state, South Carolina, has ever tried to tax luxuries, and it soon repealed them.

Advocates of a sales tax invariably cite the success of the sales tax on gasoline as an argument, but gasoline, by reason of its uniform distributive methods, is about the only commodity generally sold today that lends itself to this form of taxing.

In conclusion, an increase in the cost of living comes as soon as the retailer can pass on the tax levied on retail sales. Thus the modern principle that the burden of taxation should fall most lightly on those least able to bear it would be violated.

A sales tax can have only a disastrous effect upon the commercial and social life of a community. It works an injustice on the daily or weekly wage earners who spend practically all of their incomes for their living expenses.

New York, Ohio and Minnesota are faced with the possibility of a sales tax. The merchants of New York have organized themselves in a determined fight against it and have brilliantly argued before the commission as reviewed in the creditorial on these pages. The Credit World hopes that the arguments briefed here will be of value to merchants in the other states that are threatened.



HOPE

On top of the world—broken strings—singing hearts—
unable to see what the future holds—but facing it with *Hope*.

The CREDIT WORLD

THE CREDIT WORLD is inspiration to credit merchants, a defendant of credit advocates, a prosecution of credit critics. It is the forum of credit opinion, the platform of credit policy, the antennae and amplifier of credit news. It is the court of credit appeal, the crystal of credit vision, the blueprint of credit practice. It is the spirit level of credit, harmonizing tradition with advancement, the open sesame to greater activities and broader scope.

JANUARY, 1931

Vol. XIX, No. 5.



THE PROLOGUE TO THIS YEAR'S BUSINESS

LOSETED from the public gaze each year a moderate group of the country's best economic brains assembles to discuss among themselves what has happened that can have some traceable influence on the future. The annual convention of the American Statistical Association, the American Economical Association met again at the close of 1930 in Cleveland, has discussed some of the more important changes in business, commenting on the expected influences which these factors may bring on the affairs of this new year. The readers of THE CREDIT WORLD are fortunate in having a quick report of these matters which most closely concern retailing operations. Elsewhere in this number will be found the articles by Horace W. Pote, who covered the meetings for the National Retail Credit Association.

In many corners of our business world there are sincere comments to the effect that business is gradually emerging from the dregs and starting the long awaited climb back towards its proper position. The newspapers have called this changing period, through which all business has been passing, an economic depression. As a definition that is correct but what is more to the point concerns the diagnosis of the disease and its ultimate cure.

No one will argue against the presence of the current era of sluggishness in which we now find ourselves; that is easily admitted as a fact. The columns of the daily press also assure us that it is a pitiful one to those who are caught

in the web of unemployment. Another fact that can be entered into the evidence is the accepted knowledge that credit conditions meet with more static resistance due to the effect upon spending. Undoubtedly there is a definite dollar cost which we must face in permitting a situation like this to be thrust upon our business world.

It is not fair that any of us should be burdened with the increased load of supporting a depression when it adds to the expense of living by deducting from our purchasing power, depleting the work bench, putting thousands on starving rations and beckoning to the grim reaper that it is now his inning to bat.

What a pity the scientific aggressiveness of the American mind cannot accept this challenge and lay steps to combat this economic evil just as yellow fever or any other malady has been attacked. Some have advanced the excuse that man, especially in his commercial moods, is too highly individual to be expected to follow any prescribed practice which could lead to directed procedure, thus eliminating the scourge. Will we have to admit that man can conquer the lower realms beneath him, but he cannot withstand the forces of economic laws since he cannot successfully alter them?

There are students of business who have the ability and the sense of conservative utterance to give a reasonable picture of future commercial trends. Some of these do have the opportunity to express their beliefs and give voice

to their supporting theories but, sadly, these are in the minority.

Once we had a famous cry, "Millions for defense, but not one cent for tribute," and the millions were forthcoming. Now it is possible to attract huge fortunes for foundations in the pursuit of studies, but could we find any degree of human utility in a supported study of business variations; could some wealthy humanitarian be persuaded to settle a sum for investigation into this phenomena? This country needs such a battle cry again. It needs to learn the formula which will bring about some curative measures, for the malady grows worse; in dark corners where the light of human contentedness does not reach spawn of a destructive nature are multiplying. Prevention is superior to cure. But let us return to the convention and its finding.

What was the business outlook for 1931? Hundreds of eager ears stretched and strained to catch the prophecies of the oracles. With 1930, a disastrous year past and the memories of its disappointments still too fresh in the minds of man for ordinary comfort all hands sought some word of relief.

By no means an easy thing to look into the future and on the basis of a few well established and tried indications forecast expectancies of a new year, it was the common thought of most scientists gathered in convention that conditions were at their lowest and recovery was in its ascending phase.

American industry and prosperity has in the past seemed to rest on the laurels of the construction and automobile groups. These have been the stars that have furnished the most financial nourishment to working America, but now these chief bread-winners are in the doldrums. What is to be our future lot?

Nineteen hundred thirty-one is not expected to be a rosy year of revival and shirt sleeves will still be above the elbow with fewer "Packards" rolling nonchalantly about town. True, the recovery will become evident within this year, but it is not thought to be a prominent action rather one of slow and silent change. The agricultural situation will still require some doctoring attention and farm incomes, net after the costs of the 1930 drought and depression have wiped from the slate, will not leave much surplus for courageous spending. Economy will be the watchword there. Put the farm market down as a very tight one with only necessity goods moving. However, with the harvesting crop of 1931 safely in the bins and appraised in coin of the realm there is a gambling chance that some advance spending of long deferred matters may get quick action in the late fall.

Turning to look at one of the main pillars of our erstwhile prosperity makers, the building industry cannot develop any picture of saving the day all by itself. Public utilities have shot their bolts in form of capital investments for new plant and small volume can be set down for 1931. It is openly recognized that residential needs are

over-produced, hence there is not likely to be any boom from that source. Public building aided by governmental stimulation may make such a decided gain as to offset some of the deficit expected from other classified groups of building. The same is true with engineering work of public nature. Industrial developments are not considered as potential in view of the strangling wrench which has thrown production out of gear.

The automobile, the other supporting industry for the visible supremacy of prosperity, is in the throes of a colic due to unwise habits early last year. Failure to read and understand the usual signs of stop-look-listen saw their production mount and then back up due to dealers failing to get the public's money fast enough. Shutdowns and employe layoffs were next observed. Demand has not revived as yet. True, a few of the lower priced cars have put men back to work, but extreme care is gauging production to coincide with spending. The industry cannot afford to be caught twice in the same way. Just now it is very wary. Little possibility for a general revival during 1931 exists.

Stripped of all endeavor to be pessimistic or to go to the other extreme and paint pictures which do not exist it was the consensus of opinion that 1931, while on the upward trend from the bottom in which business has tobogganed, cannot get out of the hole during this year. Good gains are thought to be assured and with them as evidence, the enthusiasm of former activity may fan the flame to still greater degree. Summarized briefly, this year will be gradually improving, but there cannot be a general return to the easy profits of former years. Hard work is still the motto, seconded by economy.



C
By Eve

CON
econom
tion to
punch
the T
before
Hotel
1930.

The
average
debt.
indebt

JAN



*The butcher, the baker
and the candlestick
maker begging jobs at
\$1.00 a week.*

Credit obligations bind the worker to his task. Without such an urge it is questionable whether he would be interested in putting in full time at his job.

CONSUMER CREDIT AND Unemployment

By Evans Clark, as reported for The Credit World by Horace Pote in attendance at the American Economic Association convention, Cleveland, December 29-31.

CONSUMER credit is so significant and plays such a vital part in unemployment that economists of today must turn their attention to it without further delay was the opening punch in the dramatic talk by Evans Clark of the Twentieth Century Fund, Boston, speaking before the American Economic Association, Hotel Cleveland, in that city, December 30, 1930.

There have been accusations made that the average American family is going deeper into debt. Estimates have placed the per family indebtedness at \$250 per year and the claim has

been advanced that this is a mortgage upon future incomes as well as a burden upon prosperity. Here we do approach a dangerous condition in respect to unemployment. Mass credit nears the abyss when economic conditions finds increasing unemployment staring the country in the face. While some may seek protection from the statistical percentage of unemployed, there is no escape from the facts that failure to meet the demands of the installment man after a few calls usually finds repossession in effect and the consumer has parted with credit and what it originally furnished him. In fact, he may even

be held liable for the unpaid balance after crediting the valuation of the repossessed goods.

Continuity of workers' incomes is urgently desired for that assured over an annual period reasonable purchases can be made because of the positive knowledge that income will care for the indebtedness. A great inconsistency exists in our economic structure today in respect to income of workers. The individual is in business day by day to turn his wages into his treasury in order that he can live and have some of those things included under the "pursuit of happiness." His operations in providing for himself and dependents represent fixed charges that go on only to be terminated by the grimness or kindness of the Reaper. Consumer credit as far as he is concerned is imperiled because unlike capital investment the worker's return in the form of wages is not assured throughout the year. Remove the protection to the capital income returns and capital retreats to safer grounds; remove security of the worker's income and trouble looms in the offing if cash at hand cannot be made available to meet outstanding obligations.

One will readily recognize that consumer credit has more cheerful applications. It is really a whip over the heads of the American worker and quite likely explains some of the justification for the high position which the native operator enjoys over that of foreign workers on other soils. The desire for high standard of living encourages the purchase of commodities through the medium of credit. These obligations bind the worker to his task to pay for his purchases. Without such an urge it is questionable whether he would be as interested in putting in full time at his respective tasks. Maybe, as is true in other countries, he might suc-

cumb to the urge of leisure, culture and other human satisfactions.

It is generally accepted that consumer credit has successfully weathered the storm of our present and passing economic depression. Many believe that it is closely related to the so-called business cycle. More positive data on retail credit operations would provide potential truths we are seeking. From the small samples of credit data that we can obtain there has been some unfavorable movement in credit performance in the year of 1930 over the records available for 1929, but this has been insignificant considering the weakening changes taking place in other fields. Undoubtedly, with more facts we could expect to see greater changes and have a more advanced understanding of future possibilities.



Thinking of days when he sat at his own table—an old man out of work snapped at the Bowery mission.

There are many who do not realize that the term "credit" is actually a collective cognomen and really means one or more of the three divisions: Investment credit, such as results from the provisions of investment procedures; commercial credit, exemplified by advances to commercial enterprises for business management, and consumer credit, that advance which can aid the purchaser to obtain goods or services not otherwise available.



It is baffling why so little research progress has been made in this field of business. Search the libraries for reference books and few will be found that adequately portray the problems and indicate solutions. Our academic knowledge on this subject is woefully lacking. It seems only too evident that without this information there is a big task facing the economists who study American business history.

Some of the difficulty in making favorable progress along this line of study is explained in the absence of data of experience. Only recently the U. S. Department of Commerce, with the co-operation of the National Retail Credit Association, completed a study showing the extent of credit in certain retailing groups so sampled, credit losses and the values of credit procedure. This has been the only spotlight thrown on facts in this be-shrouded field. Who can explain why this is true?

Forced for the want of positive data to resort to the best estimates available it is believed that 57 billion dollars estimates the total sum representing retail operations. With the knowledge that the recent surveys have disclosed we know that 50 per cent of this huge sum is for credit, of which 20 per cent is for open credit accounts and the balance for the installment selling, the latter reaching 6 billion. The National Retail Credit Association stating that the open credit volume is outstanding for an average period of seventy-two days, simple arithmetic can tell you what this costs.

The charted information showing the rising trend of retail credit sales since 1900 gives a forceful impression that it has already approached a stage in today's business where it demands respect, study and a better understand-

ing than it now receives. There was a time that the purchaser who sought credit had to hold a very private conversation with the retailer before he could hope for the favorable decision of obtaining goods on a future promise to pay. Today, the procedure is completely reversed; occasionally it is difficult to buy for cash in some stores. Charge accounts, the best known form of consumer credit, are eagerly solicited and a persistent definite sales attempts are made to convince the purchaser that his or her charge account will be greatly appreciated and opened by the retail store.

The best and most consistent information on installment credit reaches us from the automobile field, compiled through the auspices of the National Automobile Chamber of Commerce. From studies of this information it has been possible to learn the rate of growth within this field of consumer credit and the relative degree of success which has resulted. But this is only one of several well defined forms of consumer credit. It would hardly be expedient to formulate any theory of credit action on the limited facts made available from this single source.

Students of consumer credit, if interested in the origin of this purchase factor, should consider that the following sources originate much of the total volume which finds its way into business channels.

1. The small loan business, which operates under rather sub rosa surroundings because of legal offensives against the interest rates charged, frequently is able to obtain as high as 42 per cent on the capital invested, always at short term. It is surprising to learn that some 125 million is put into circulation from this source.

2. The pawn broking profession, historic



Putting the unemployed into business for themselves.



and so well advertised by its symbolistic three balls of gold, attracting one but still well out of reach, is in turn responsible for 400 million. Here personal bargaining dictates terms and the costs are high.

3. Personal finance companies have sprung up to reap an astounding share of this loan business and the success of this venture has been augmented by chain operation in the larger cities throughout the country. Several hundred offices of this type are known to exist and the volume of credit that is extended from this source is approximately 300 million. Here again the rate of return on the investment is exceedingly high.

4. Industrial or Morris Plan Banks have contributed some 300 millions also. Under this plan a co-signer is required to share responsibility and to guarantee repayment of a loan should the payee fail to do so. Fees are charged for credit investigation into the payability of the loan seeker. A return of about 17 per cent is realized by this type of consumer credit extension.

5. Commercial banks, personal loan departments, have seen the small loan business pass over to others and, in a competitive step to share some of that highly profitable business without lowering the dignity of commercial banking, have opened this new department. Here again co-makers are required. A volume of 40 million arises from this source.



6. Insurance companies loan sums on the provision of policy loan conditions stated in the body of the contract. Over two billion in consumer credit gets a start into business channels from this source. Here conditions of rates begin to reach a more dignified basis, approaching what we expect to find as reasonable charges.



7. Remedial loan companies send small sums, usually less than \$300, into play under rigid restrictions that have been attacked by recent legislative measures. Rates, chargeable on the monthly basis, can be found as high as 18 per cent per annum. This class, together with the last two, are alleged to provide some 70 million into circulative channels.

8. Commercial banks in loaning funds anxious to make a dollar without qualifications usually attached to that operation charge small rates but there is serious doubt about the extent of this volume which stays within the purely retailing category.

9. Building and loan associations with their increasing membership well over 12 million compose the last group as a visible source which provides consumer credit.

While not directly allied to the building and loan plan, the credit unions or collectives offer a consumer credit source through loans made to members who have joined such organizations. Over 1300 of these are known to exist and their membership is said to be about 300 thousand. As a non-profit organization very low charges result. One per cent is levied on outstanding balances.

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*The effect of drought
on an ear of corn.*

FARM OUTLOOK THIS YEAR

*By L. H. Bean, as reported for The Credit World
by Horace Pote in attendance at the American
Economic Association Convention, Cleveland,
December 29-31.*

THE U. S. Department of Agriculture, through its representative, Mr. L. H. Bean, gave a clearly defined picture of agricultural conditions and their apparent effect of the business year of 1931 for the benefit of some six hundred economists and statisticians gathered in Cleveland for their annual meeting recently.

Farming as an industry did not make very much joyous income for the year 1930 due to the combined efforts of the weather gods and the accompanying low prices. Despair rode on the shadow of all attempts to find some selection of crops or agricultural pursuits which would show a profit but the red ink caught up with most of the farming efforts after all.

Ignoring the fact that there may or may not be some political connection between the policies of the Farm Board and the farmer in the field, there has been evident opposition to the progressive proposal of limited production as a step toward price maintenance and control. Added to this the scare occasioned by the so-called dumping of Russian wheat on the American market sent the Farm gloom up a few more points. The statistics covering the general situation have shown that there is a growing migration from farms to the city; the little fellow

**Despite the fact that
American Industrial Plants
are rated at three times
the capacity of all Europe,
American Agriculture
is rated five times the
Capacity of Europe.**

who has had a hard time is throwing up his lot for a possible industrial avenue towards fortune; large farms as the amalgamation of little ones are indicating that mechanization may be the answer toward profitable production.

It is little wonder that hundreds fully cognizant of the past year's poor contribution to the annual totals of national wealth were eagerly awaiting some word of authority as to the farm outlook for 1931 and what opportunities it

might offer for bolstering general business conditions.

Prone to make any hard and fast predictions, Mr. Bean did relate that the farmer had a mighty force to contend with in the shape of unknown weather conditions. Given all other favorable conditions the Gods of the winds and the rains could erase all of the gains in short time. That was one big question mark to put down. Until some practical means has been found and developed to manufacture weather, the farmer could but hope, take what the climate offered and then make the best of it.

As an opening shot the authority gave his terse belief that the farm situation during 1931 would offer very little aid to general business for the outlook could not picture any immediate recovery. The losses appearing on the farmer's book in deep red ink, resulting from the drouth of the past summer as well as the weak prices for the last harvest, have left in many instances deficits which this year must wipe out before it will be possible to look for agriculture profits. Highly improbable that any visible reduction will take place in cultivated acreage for major crops, the yields expected are only average. The general unrest now so evident in this country has not contributed any visible relief from this situation. Political artifices such as our latest tariff measures have added to the burden thereby broadening the chasm between possible means of annealing the spreading issues.

The merchandising aspect which parallels this general situation is of greatest interest to the business seers of the country. With limited agricultural income on the horizon there is serious doubt whether the farmer will be very interested in spending money other than that for absolute and immediate needs. These are of the agricultural class and essential to this year's crops. Those commercial organizations which put considerable emphasis upon the farm market will come face to face with this foreshortened situation and had best prepare themselves accordingly.

Looking at the situation in detail cotton is one example that presents a discouraging picture for increased agricultural income. Based on a conservative estimate it is said that cotton to produce a moderate profit must bring fourteen cents a pound in the market; with the current price in the neighborhood of nine cents this tells a forceful story of impoverished plantation managements. Grains have a similar picture. Wheat and corn, the two staples, have such low prices that the margin of profit, if at all visible, yields so little in return for the effort expended in production. Livestock again offers somewhat the same results. Lambs now selling for seven cents per pound on the hoof are below profitable costs of production. This is so true in sheep countries such as Australia that slaughter of producing animals, as an artificial means of stabilizing the market, is now being undertaken according to recent advices.

There is a chance that those industries utilizing farm products as their raw materials will be enthused to make heavy purchases at this time, thus taking advantage of the low price situation. If this can be a reality, this movement will take part of the agricultural inventory out of the bins



and restore some cash to the farm bank account. The virtue of this scheme is to hasten the consumption of visible supplies and thus create a higher price for the respective commodities.

Adding one more prophecy to the list of those donated to the public for 1931 it seems on the best of judgment that livestock will not make any greater headway than now in effect; feed prices will remain low and this will contribute to the previous named trend; potatoes are expected to increase in cultivation; dairying should take on an added momentum to help the farmer make back in milk and creamery sales what has been lost in cattle and livestock; there are no indications that changes in the amount of acreage under tillage will be noticeable.

The history of agricultural prices has shown that the ebb tide of cash return generally paves the way for a recovery. There is no formula by which this return to better prices can be forecast as an absolute happening within a definite period but, based on past performance, it can be anticipated to occur. It is general opinion that the farm situation has struck its bottom from which it should turn upward once more. While





quite possible for favorable conditions to produce bountiful yields for 1931, it is not likely we shall see a profitable stability before the crop season of 1932.

One of the most interesting and best informed writers on agricultural subjects is F. B. Nichols, managing editor of the *Capper Farm Press*, Topeka, Kansas. His views are always sane and optimistic. It might be apropos here in connection with Mr. Bean's factional outline of conditions to quote from Mr. Nichols' recent address before the National Fertilizer Association in Atlanta, Georgia. If over-production is a crime, fertilizer is the dope that produces the criminal.

There has been some discussion this year of how perfectly wonderful it would be if we were to quit using fertilizers in America. This is based on the theory, which by the way is true, that if we were to abolish the fertilizer industry there would be a sharp drop in crop yields. Thus we would cure the surplus evil, and then would all live happy ever after. By just the same type of reasoning, the industry is about to commit a great wrong by encourag-

ing the use of fertilizers on pastures, which is presently going to take an immense tonnage of its products. By doing this the fertilizer industry will aid in the growth of grass on those pastures, thus contributing further to a surplus of milk and beef. Such reasoning ignores a few basic facts, such as that liberal applications of commercial fertilizers pay well on many soils and with many crops. Low yields are rarely profitable. A vast increase in the use of fertilizers, plus a considerable withdrawal of marginal land back to forests, would result in larger profits to American agriculture. Such a project would be directly in line with the moves of the industrial world in scrapping high cost plants while at the same time it builds more efficient ones.

"Simple and logical as such a process is, it has had to fight its way upward step by step against what I sometimes call emotional economics, of which this country has such an abundant supply. When Cyrus McCormick perfected the reaper he immediately was crowned as an enemy of labor, and many of his machines were burned in the field. Exactly the same disturbance broke loose a generation later with the coming of the binder. With equal enthusiasm printers in some cases destroyed the first linotypes. Such examples may be drawn readily from almost any industry."

"Despite the fact that American industrial plants are rated among the wonders of the age, agriculture makes an even better relative showing when compared with Europe. The productive capacity of the employes in the factories of America is three times that of the workers of Europe, but the men on the land produce five times as much as those on the farms of Europe. Despite all the troubles agriculture has encountered, the business has gone ahead steadily in its efforts to get on a more productive basis. Twelve years ago in Kansas, for example, we operated fourteen combine-harvesters in cutting the wheat crop—this year we used 28,000 combines, along with 60,000 tractors. The gain in efficiency of production that has been made with this crop supplies a splendid illustration of the progress agriculture has made in practically all lines. In modern wheat growing the land is plowed and worked down with power equipment and the crop is cut with a combine-harvester—with which the work is done with steel machinery instead of by human muscles, as in the old days—and the grain is hauled to town in a truck, which dumps its load into the pit of the elevator, after which it is elevated into cars by machinery. Human drudgery is practically eliminated. Brain power is substituted. And in that kind of agriculture there is no place for the type of farming so well described by Edwin Markham in his poem, 'The Man With the Hoe.'

"And so, no matter where we turn, in industrial life or among the people who live in the open fields or along the nation's great motor highways, we find that the nation's physical plant is in excellent condition. The strength and willingness to work are there. The folks are merely waiting for that trained American leadership which has never failed in the past. It will not fail now."

A. D. McMullen, president of the National Retail Credit Association, is shown here opening his Christmas mail which contained 1250 new members to the Association.



Yes! *There is a Santa Claus*

THERE is a Santa Claus. Some people do not believe there is, but they have been affected by the skepticism of a skeptical age. They do not believe except they see.

The picture above ought to be the proof. Here President McMullen is looking over the mail Santa Claus brought him, which included 1250 new members to the N. R. C. A., presented, at this time as a token of good will and co-operation, by bureau managers all over the country.

Twelve hundred and fifty new members in one mail is a lot. Some people would not have believed it, just as some people do not believe in Santa Claus. They think that nothing can be which is not comprehensible; but Santa Claus exists as certainly as love and generosity and devotion exists.

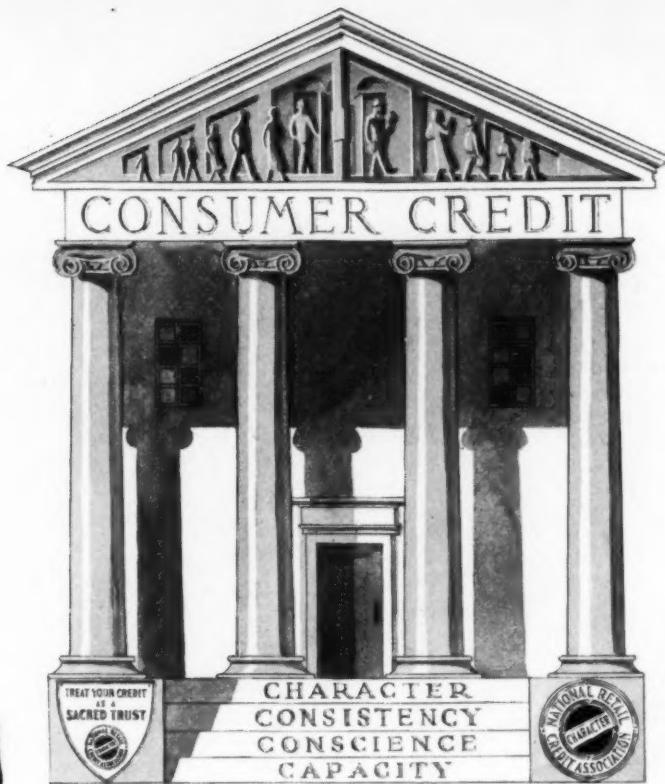
Alas, how dreary would be the world if there was no Santa Claus. It would be as dreary as if there was no faith. There would be nothing, to make tolerable this existence. We should have no enjoyment except in sense and sight.

[President McMullen's
Xmas Present—
1250 New Members.]

Nobody sees Santa Claus, but that does not mean that there is no Santa Claus. The most real things in the world are those that we cannot see—things that are hidden behind a veil, which, not the strongest man or even the united strength of the strongest men that ever lived can push aside. But faith, fancy, love, romance can push aside the veil and view the supernal beauty and glory beyond.

It is all real. There is a Santa Claus. He lives and lives forever and will continue to make gay the heart of people.

President McMullen has written to THE CREDIT WORLD, asking that his sincerest appreciation be conveyed to all of those bureau managers who worked so devotedly to make his Christmas such a happy one. And to the new members who have come in at this time, he wishes to extend a welcome and a promise that the future offers to them the same reward of faith—a force to push aside the veil hiding the unseeables and the idealisms exemplified in the fantasy of Santa Claus.



C H A R A C T E R B U I L D E R S

Through the majesty of motion in the boundless everywhere comes the mighty name of Credit Money Monarch on the air

ARE you a seeker of credit? Have you analyzed the reasons for so being? In which of the following divisions are you classed?

Perhaps you are surprised that we ask these questions, continues the speaker, but the credit

These questions to the consuming public of Houston, Texas, opened a recent radio program of the Houston Retail Credit Men's Association who continue to broadcast their good character builders idea over KPRC.

men feel that there are so many classes of credit seekers that a few remarks regarding these various classifications will be food for thought.

First, we have the good citizen who is proud of the fact that all obligations are met promptly and who enjoys an unlimited credit rating due to his standing in the community. This class of men desires charge accounts to establish themselves among the commercial firms of the city as an added proof that they are responsible and by prompt payment of all obligations further offer testimony that they are among the best residents.

Second, we know of a large percentage of people who seek credit for the convenience it affords. They could easily pay cash for their needs, but find it bothersome to first provide themselves with a considerable amount of cash before starting on a shopping tour of the city and also know that it will entail some further inconvenience in making exchanges if some of their purchases are not satisfactory. They are entitled to all of the advantages a charge account affords; have their bills for the month's purchases come to them at the end of the month and they are prepared to promptly meet them.

The third classification is the credit seeker who has established his worthiness of credit and takes advantage of it to purchase articles that can so very conveniently be used now and who plans to pay for them out of his next month's salary. It is true he is living a month ahead of his income, but if fortune smiles upon him and he has no serious illness in his family or loses no time from work, he will pay all of his obligations promptly when due because he is honest. There is no question about that. His past record for honorable dealings justifies the assumption that his intentions are clearly defined.

The fourth classification is the person whose income is unstable. They are the class who are entirely dependent upon a problematical sum that they have a right to expect will come in, as it has almost regularly been received in the past. It may be commissions on sales of merchandise, real estate, insurance or from other sources. It is their intention to apply the income so received in the right direction, but naturally if they are disappointed their creditors will have to wait—they too will be sorry, in fact, very much disappointed that the customer is unable to meet his accounts just as he had planned. Of course, it is true that oftentimes this class of customer is disappointed for weeks and months to come, perhaps one or two months efforts will go entirely for naught and their bills will have to wait until more is earned. After several such disappointments, a habit of allowing accounts to become delinquent somewhat grows upon them; after the second or third disappointment they are more or less accustomed to this spasmodic method of living and they are not quite so sorry after a while that they did not find it possible to pay up last month or the month before. Some of the pride they formerly had in meeting squarely all of their obligations has gone entirely. They feel it is the duty of their creditor to bear with them. Perhaps they could not easily make their banker see the wisdom in carrying them until another commission is earned.

Then we have another class of credit seeker. The man or the woman who through carelessness, or indifference, have allowed themselves to live beyond their means and eventually find themselves hopelessly in debt. Their creditors of the past are crowding them, forcing payment on so many accounts until they do not have the cash left to afford actual necessities, causing them to seek new places to expand their credit. Generally speaking, they are not entirely honest with themselves, although they no doubt hope fortune will so favor them that before it is too late they will find it possible to wipe the slate clean and be able to once more look the world in the face with the fullest amount of self-satisfaction. This condition is far too frequent. To use a slang expression, this type is "just a step ahead of the sheriff."

Then there is the sixth class of credit seeker—those who do not intend to pay for anything they get until they have to and perhaps that means never. They owe bills they never expect to pay, but when applying for further credit try to start all over again by making statements that they have never had accounts anywhere.

The credit manager of today has been trained in the art of character reading and has an ear that is more and more becoming trained to the procedure of this type.

Let us leave this one final thought with you tonight, friends, classify yourselves. Take an inventory of your surroundings. Again we ask what class you are in? Character Builders will furnish anyone desiring it, a printed copy of this list of various credit seekers. If you sincerely desire to rate yourself, write in for a copy of this program.

Just an Idea for the Houston Character Builders

—A character building guild for boys. On page 21 (at the beginning of this article) is a design of a classic temple symbolizing the construction of consumer credit. It would be easy to build. The construction is simple and the carving is not difficult. The local Houston branch of the Hoo Hoo Club might be induced to co-operate to provide a kit of material of soft wood, etc. A contest would be advertised to boys between twelve and nineteen. The manual training departments of the high schools might also co-operate.

The winning model builder would receive a handsome prize.

The boys could enroll for the contest at any store they select (member of the bureau) where they would fill out an enrollment blank designed to uncover the economic status of the family—charge customer prospects for the merchants where enrollments are made.

The finale would be a widespread window display of character temples on a special day.





THE EYES OF TEXAS ARE UPON YOU—

HE WAS born seven miles from Alliance, Nebraska, in a sod house thirty years ago. His life from that time until fifteen was very uneventful, with the exception of hoeing corn and picking potato bugs.

Disagreeing with his father in 1915, he decided to go West and grow up with the country—a winter never to be forgotten, on a cattle ranch feeding cattle—forty miles from nowhere, in the Rocky Mountains and rationed once a week with frozen food, helped to mould the fighting courage that now characterizes 240 pounds of he-man. Since that time he has worked on the railroad and in offices, slept under bridges and in fine hotels.

In the year 1918, he was married, and in 1922, he entered college.

His first credit job started in 1923, while he was attending college. He organized a credit bureau. Since that time he has organized credit associations in Chadron, Alliance, Hot Springs, Rapid City, Lead, Deadwood and North Platte. "He's an organizin' fool."

He organized the Noth Platte Junior Chamber of Commerce, and served as its first president. Also was vice-president of the State Junior Chamber of Commerce and assisted in organizing the Chadron Junior Chamber of Commerce.

He organized the North Platte Butchers and Grocers Association and assisted in organizing the Grand Island Butchers and Grocers Association. He organized the North Platte Public Speaking Club and served as its president.

"Mr. Yanders goes to take charge of the affairs of the Texas State Association with headquarters in Austin. His past experience and educational background particularly qualify him."

The record made by Mr. Yanders in North Platte is enviable. He took over the Platte Valley Credit Association, September 1, 1928. At that time the gross income of the bureau was about \$90.00 a month and had about 35 members.

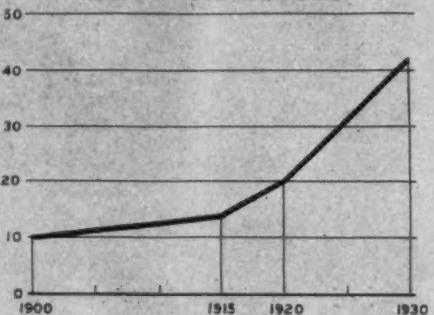
The first year the gross income was increased 1500 per cent and they now have about 170 members. The files contain over 41,000 master cards as compared with about 6,000 when he took over the bureau.

He is a charter member of the Associated Credit Bureaus of Nebraska, having served as vice-president and president two terms, was instrumental in organizing this group and is credited with the collection system used by most Nebraska credit associations.

And now we see him through his hobby "hunting." Since he has been barred from all turkey shoots, for the past two years, he must be considered a good shot. Texans look out.

TREND OF RETAIL CREDIT SALES

PERCENT OF TOTAL RETAIL SALES



SEMI-ANNUAL

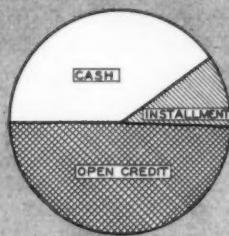
The U. S. Department of Commerce final report of Retail Credit conditions and facts from January, 1930 - June, 1930.

THE charts illustrating this report were prepared by THE CREDIT WORLD for your quick assimilation of the outstanding aspects of conditions. First of all, consider its growth, glance at the little square chart at the top of this page. There is a line which definitely points the way. In 1900 credit was only 10 per cent of the total retail business done. By 1915 it had increased slightly, but between 1915 and 1920 it more than doubled. Now these were war years.

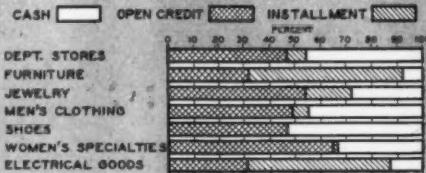
From 1915 to 1918 America enjoyed unusual prosperity stimulated by war contracts from other nations and the fact also that she was just into the full bloom of her indus-

RETAIL CREDIT SURVEY FIRST SIX MONTHS 1930

EXTENT OF RETAIL BUSINESS
(115 STORES IN 24 CITIES)



ANALYSIS OF CREDIT BUSINESS BY STORES



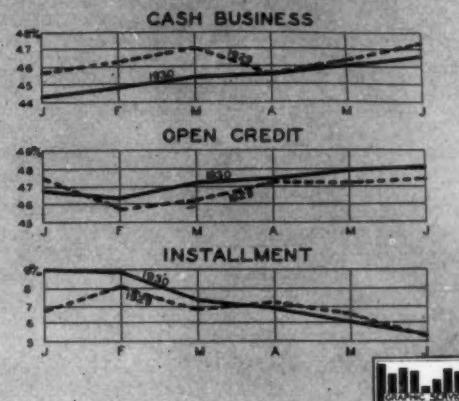
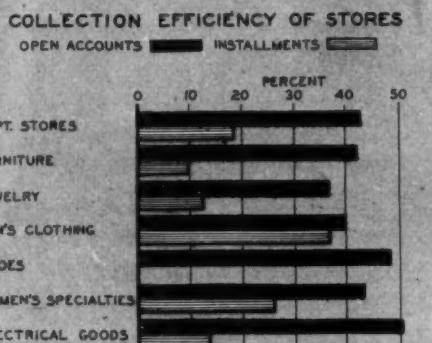
LOSSES DUE TO FRAUDULENT PRACTICES (274 STORES)



RETURNS & ALLOWANCES FOR 301 STORES



RETAIL CREDIT SURVEY
FIRST SIX MONTHS 1930



CREDIT SURVEY

trial development. During this time there was a tremendous growth in advertising. The money for which in many cases was appropriated from what would have been profit tax. This advertising stimulated sales in order to keep pace with production and they both were dependent upon credit. Credit was started rapidly upward in 1915, but it has continued and actually increased its rate of growth until now it is more than half of all the business done at retail.

Examine chart number 2; there you see that open credit alone is now half of all business done, while installment credit eats further into cash. Compare the percentages of open credit, installment credit and cash as shown by the chart among seven diversified lines. It is easily discernable that a different credit situation exists in each industry.

It is apparent too from this chart that the furniture business has almost entirely passed out of the realm of cash and that it is pretty much dominated by installment credit, while the electrical goods business has about the same condition prevailing.

We notice further down that fraudulent buying holds a long lead on bad check losses. It is also apparent (though not a new discovery) that men are the worst check kiters.

Now we notice that the two largest credit classifications, namely, furniture and electrical goods, are almost entirely free from losses by

either bad checks or fraudulent buying. Testifying to the safety of credit methods.

And on chart number three if you will turn your attention to the top of the page again we see that "furniture" and "electrical goods" do a mighty fine job of collecting. Comparison of chart 2 with its high percentage of open and installment credit and the small loss from fraudulent buying and bad checks in conjunction with the high collection efficiency shown in chart 3 shows their credit methods in a very favorable light.

This last year has been somewhat of an enigma. It kept the best of our analysts guessing all the time, but the poorest guesser of all was the retailer who could have seen correctly if he would have taken the mote out of his eye. He was so blinded for the best part of the year by the calamity howl that went up with the stock market flop that he never did take a good square look at conditions as they actually were.

Notice the chart above. 1930 cash business in January started below 1929 (a great year), but it caught up to it in April and stayed pretty close until June.

Open credit went ahead of 1929 before we had reached February, and stayed there until June.

Installment sales started away ahead and kept ahead until April where they dipped just a little below 1929, but came back above again in June.

You now have the true picture of credit as it was—from January, 1930, to June, 1930.

The value of 1930's farm crops dropped 27.6 per cent below 1929.

There was a decrease of 35 per cent in aggregate industrial profits in 1930.

New York stores report a 15 per cent increase in charge accounts over last year (see chart on rising trend of credit, page 24).

The moving picture industry in 1930 advanced far beyond 1929—total value two billion, yearly production investment 125 million, average weekly attendance 115 million, number of theatres 20,000, expenditure in advertising 100 million.

Commercial failures in 1929 were 26,355. Liabilities amounted to \$668,283,842.

In 1930 there were 85 mergers of manufacturers; in 1929, 119.

Life insurance drops 4 per cent during 1930—\$18,800,000,000 was year's sales total.

Retail prices in 1930 declined an average of 15 per cent over 1929.

Gross railroad earnings decreased 16 per cent in 1930.

Bank clearings dropped 25 per cent.

Merchandise exports from the United States fell 27 per cent.

Imports declined 30 per cent.

Income tax collections in 1930 totaled \$2,333,307,000, a drop of \$70,000,000 from 1929 (largely due to 1 per cent rate reduction).

THE VEERING FLAW

By H. W. POTE



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"—and he watched how the Veering Flaw did blow, then steered for the open sea"

ADDED warmth comes from the holiday announcement that participants in the various Christmas savings clubs accumulated \$632,000,000 during the year just closed. On the basis of our latest census knowledge of our population this newly stored-up wealth amounts to approximately \$5.15 per capita. From the best estimates obtainable it is determined that the savings represents an average of \$54.60 per person participating as compared to the 9 per cent gain made in 1929 when this amount was \$59.50.

It is especially enlightening to learn from the analysis quoted in the *Literary Digest* that at least 50 per cent of this national fortune can be anticipated back into immediate circulation for 38 per cent was scheduled to go for Christmas shopping and 13 per cent would be expended by the year end commitments. Arithmetic tells us this should put some three hundred million into the cash registers yearning for that opportunity. Part of this amount will likely flow through the recognized channels of retail credit.

* * *

Your purchasing dollar is now worth in the neighborhood of \$1.211 in terms of what it could buy in 1926. The Department of Labor states this as their contention for the month of October, 1930. Lest you rush out in the vain hope of getting all of that accrued value in the purchase of 100 cents worth of coin of the realm let us advise you this is a relative and statistical valuation placed upon it. In this particular case Mr. Einstein did not have any direct part to play in establishing this relativity, however, there is considerable mathematical calculation in determining the result just announced.

But we offer a precautionary word. Do not, as the deep thinking son of Scotland did, proceed to buy more than one dollar's worth of commodities with a silver dollar bearing the coin date of 1926.

* * *

In *Women's Wear*, a publication catering to the trade in that distinguished circle, there appears in the recent issue a statement that survey results released by 18 eastern banks show women's wear to have decreased 28 per cent under prices in effect a year ago.

To provide debating material for both sides of the family when the December statements reaches the household check signer the survey goes on to state that men's clothes have decreased only 13 per cent in the same period.

* * *

The price situation seems to reach what the chess player calls his stalemate—that last move where everything is blocked and the end is inevitable. Statistically we are told that wholesale prices have receded so it is natural to expect some similar decline in retail prices. But look

for them. The National Industrial Conference Board has made the statement that "... notwithstanding abundant statistical evidence to the contrary, the public in general is not aware of any conspicuous lowering of prices."

Another influence that is bearing down on the price situation and makes the game a bit more complicated is the contention that mass purchasing is being forcibly withheld from our present markets due to the belief that prices will be driven still lower. Many are advancing the theory that when prices are reduced spending will accelerate and all will be well again. However, he who has held high priced inventories does not welcome the thought of disposing of that stock at a lower cost, absorbing the loss which results.

One thing is certain, the stalemate will be broken and some movement will take place but only those who see long distances ahead know. They are not telling.

* * *

Collecting stray facts emanating from the secret nooks of Wall Street we learn that the automobile industry is still on the fence, trying to decide whether to take a chance and produce for consumption or wait for the demand. Officials of Chevrolet have announced that 30,000 will go back to their jobs and be assured of work during the balance of the winter. This will turn out the spring crop but beyond that no one has hazarded a good guess as to expected action. Mr. Ford's product, which shares with the Chevrolet in putting about 75 per cent of all cars in the drivers' hands, may not run in immediate plant competition.

* * *

The shoe industry has had its little trials and tribulations also. International has whittled 5 cents off of the per pair price to their retailers. Production within the industry has been ahead of demand and the two have not been able to adjust themselves yet but it is inevitable that this will happen. The Endicott group will bring out the knife of economy and shave off 10 per cent of all salaries exceeding \$2000 per annum, effective January, 1931, so the shoe-wearing public to aid in this situation had best adopt some sort of aggressive campaign. Perhaps it might be something along the order of wear out more shoes and have less repair work. But imagine the shout which would arise from all of the dingy repair men.

In the retailing channels, especially the chain stores with all of their minute, efficient management, we note decreases in sales for the first eleven months of 1930 which average between 10 and 15 per cent. Some statements unwittingly obscure this fact in that actual gains in net sales are shown but one must take into consideration that more outlets have been in operation in 1930 as compared to the number in the previous period. On an equivalent basis the truth creeps out.

Other reports, gauging the general trends in industrial activities, have announced that aggregate profits have reached about 65 per cent of last year's total and we can jot down that this phase of our national income is minus by the resulting 35 per cent.

RADIO JOY RIDERS

By THOS. P. FOOTE, Pres.
RADIO, Inc., Denver, Colo.



MY REASON for breaking into print at this time is a situation that confronts us in respect to credit problems in the radio business. People very seldom go to a store and buy a radio outright. It is usually a demonstration of the set in the home to test the tonal quality, size and color of the cabinet, and so forth. This practice is so prevalent that many people are taking advantage of it by requesting a demonstration of several sets from one dealer, or a number of dealers. Some of these people are sincere in their desire to compare the different makes, but there are also a great many who are looking for entertainment, and are known to the trade as "joy-riders."

In their desire for business many business houses selling radios overlook the credit angle to this situation. Too often a radio set is sent out on approval or demonstration to a person whose credit standing is not good, and to whom a sale should not be made, and probably would not be made, even though the party expressed a desire to own the instrument. By that I mean, if the dealer had obtained a credit report before sending out the instrument on demonstration, he would have learned that the person is not a good prospect and he would not have sold him. So, why take time and spend money to make demonstrations to people whose credit standing is not good?

All this means that dealers in very many cases send out radios on approval, then they look up the customer after the set is put in the home. Or because the account is to be a contract they take chances and do not get a report at all.

A case is on record in a large city in the Central States where a "joy-rider" was discovered to have had twenty-three different demonstrations, having each set in her home several days at a time. Think of the economical loss to this kind of selling, and how easily it can be curbed by getting a credit report before sending out a set, whether it be a demonstration or a sale. "Joy-riders," as a rule, do not have good credit standing, so, therefore, it is nothing but good business to get a report on each application before sending a set out on demonstration, unless, of course, the purchaser is well known to the credit man, or is already a valued customer to the store.

One large manufacturer of radios is trying to discourage "joy-riders" and help retail selling by recommending that no sets be sent out on demonstration. A demonstration set of a portable type is recommended. The "joy-rider" does not particularly care to have this type of demonstration. If, however, he is sincere, and intends to buy, he would just as soon have the portable demonstration with the idea when he is ready to buy he will get a new instrument.

As I look at the situation at the present time, too much time is wasted, and too much money is spent, on making demonstrations to people whose credit is not good, and should not be allowed to buy a radio, or who are financially unable to buy a radio.

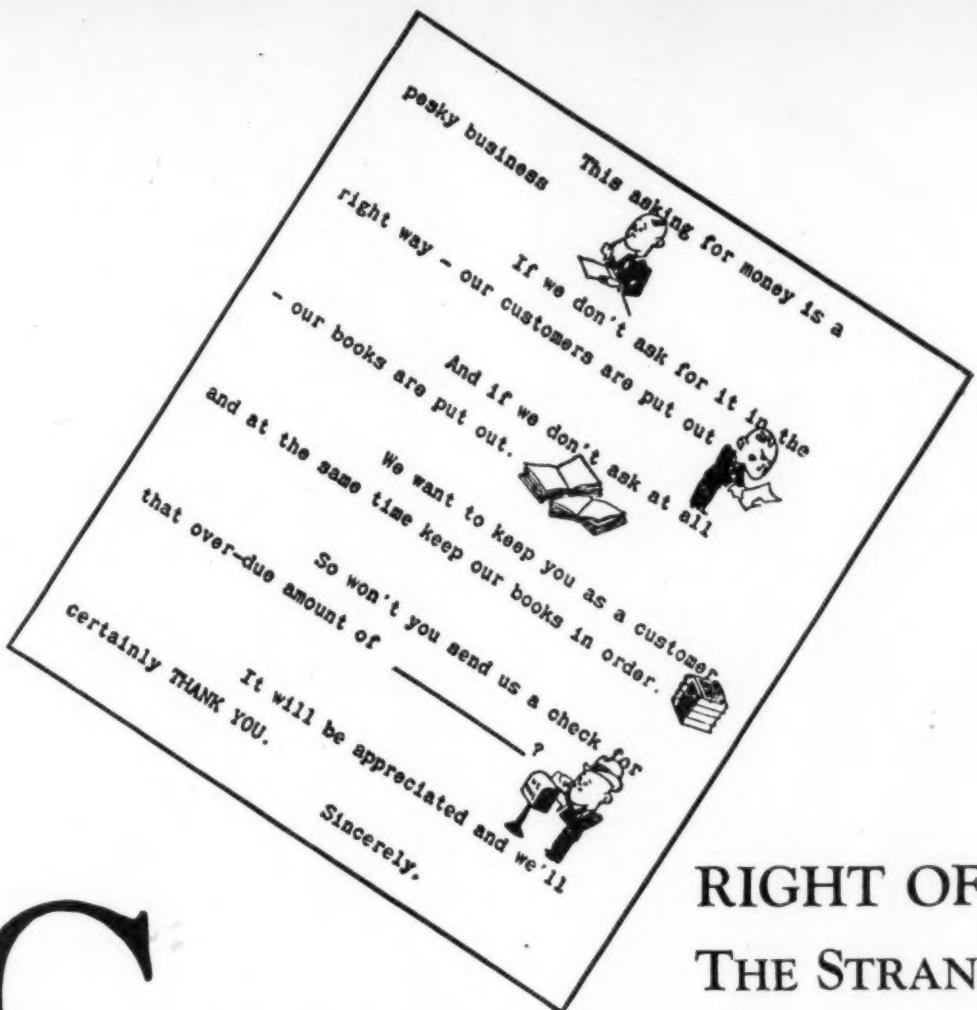
It is a very simple matter for the retailers of radios to guard against "joy-riders" and the various abuses so commonly encountered in connection with those individuals who have very little, if any, regard for their obligations to the merchant.

A well organized credit bureau is the means of stopping this practice and affording protection to the merchant. No retail distributor should attempt to do business on a charge account basis without the aid of a credit bureau, through which bureau may be obtained facts concerning his debtors.

If an applicant is a "habitual joy-rider" the bureau files will so indicate it. If the applicant is a person who lightly regards his or her credit obligations, this information quickly shows up through the bureau's files and is subject to the call of any member.

Of course, the bureau is practically helpless, unless it receives the co-operation of its members who should report promptly each day any and all cases of delinquency, whether the same be in connection with the abuse of the demonstration privilege or the failure on the part of the customer to meet his or her obligations within a reasonable degree of promptness.

If all merchants would make a practice of getting credit reports before sending out a set, they would save considerable money and put their radio business on a more substantial basis.



RIGHT OFF THE STRAND

Collection LETTERS THAT FIT

If as much thought and individuality were put into collection letters as into tailoring, displays, advertising, "pet" departments and the like, there would be fewer bad debts than there are, declares the author of this article, who puts up some sound ideas that may solve your collection problems as they have solved those of other shops.

Reprinted from "Man and His Clothes" (an English Magazine) by kind permission of the Fairchild Publishing Company.

MOST tailors and outfitters are having to spend more time on their debt collection letters these days than on their advertising. So I have been making some study of different types of collection letters, and am astounded at the thought and work put into them by some shops and the thought and work left out of them by others.

Though some people, including Austin Reed's stick to the polite, formal note reminding the customer of the amount outstanding, there is strong reason to doubt this method. The following kind of communication does not help a man enjoy his breakfast and, if anything, puts

him into a bad frame of mind: "Reference to our books indicates that there is a sum of £10 10s. outstanding on your account, and we should be glad of an early settlement."

On the other hand, this type of letter tends to make the customer feel that he wants to pay:

"Dear Sir—The cheque you intended to send me covering your outstanding account has not yet arrived—apparently forgotten.

"Not a serious oversight when remedied, but very inconvenient when allowed to slide over a lengthy period.

"I have, unfortunately, quite a number of these forgotten legacies, and the extra work entailed in my accounts department is extremely expensive.

"Just pin your cheque to this letter and put it in the enclosed envelope for return—your simple action will be much appreciated."

This is a departure from the usual stiff and formal follow-up letter—the writer assumes that the customer had intended to send a cheque, and goes on to point out the inconvenience to himself and the extra work involved in the accounts department.

But excellent as letters along these lines are, they miss the really vital point, which is not that the account is overdue and unpaid, but that the customer has not made any purchase in the meantime, knowing full well that his account is due and outstanding. I must say I like this letter which hints at this in a rather subtle way. The following letter is despatched to the customer whose account is overdue, and there is attached to it a printed calendar for the year. This is blue-penciled and it is marked at the date of the last purchase. The letter is as follows:

"We remember this date. Do you? Your account shows that this is the last time you made a purchase at this shop. This concern has always attempted to keep in as close touch as in the old days when the proprietors could meet their clients personally every day. This letter is a friendly reminder that we have missed you, and a cordial invitation to come in soon. We know you will enjoy seeing the new suitings we have for the autumn.

"Thanking you for your past patronage, we are, cordially yours,

The merit of this letter is that it does not refer to the outstanding account as such. It points out that some time has elapsed since the last purchase was made, that the customer has been missed, and also indicates that the new styles are in for inspection.

A letter such as this gives the recipient a chance to send his cheque without feeling that he has been caught out cheating, as it were, and I think it is more likely to be effective, for collection letters to be successful must get the cheque and hold the customer.

It is comparatively easy to do one or the other, to get the cheque or hold the customer; but to get the combination in one letter is what makes it all so difficult. There is no more difficult letter to write in the entire field of business correspondence.

A variety of circumstances may have been responsible for the delay in paying the account,

from the simple one of forgetting to the temporary inability to pay. The manager of the accounts department cannot be expected to know the individual circumstances, and he is therefore at a disadvantage in having to devise letters most likely to meet the majority of cases.

But it is fatal to assume deliberate avoidance of payment on the part of the customer. Any suggestion, any hint of this, in any collection letter is enough to lose him as a customer for good and all, though it may produce the cheque. The difficulty is to bring the question of the outstanding account to the customer's notice in such a way as to make him sit down and write out a cheque and to continue to make his purchases. One letter I have just seen combines the two functions rather cleverly. The writer says:

"Dear Mr. ——: Here is a thought which I think will be invaluable to you.

"I have just checked your account to find that you have not purchased anything lately in our tailoring or hat department. Here is the thought. Why not combine your cheque—that is, utilize the complete service of this shop in



One of the stickers produced by the National Retail Credit Association—serious and direct.

every department. It will save you shopping time and be a great convenience in many ways, even to writing one cheque when paying your bill."

The man who has allowed his account to run on and who receives such a letter as this inviting him to make more purchases is much more likely to clear the old account before coming along to make new purchases, but by making this apparently spontaneous and generous offer the recipient is subtly reminded of the old account.

Some men's shops in America have made much more use of what they call "collection stickers" than the trade has in Britain. We frequently use stickers for such things as exhibitions and shopping early on our stationery, but

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I have not yet seen a single sticker used on collection letters.

Most of these stickers are humorous. As one accounts manager puts it: "There is all the difference in the world between a slap on the back and a slap in the face, even though they may both be delivered with equal force. So with collection letters, they all say practically the same thing, but one may have the same effect as a slap in the face, another as a slap on the back."

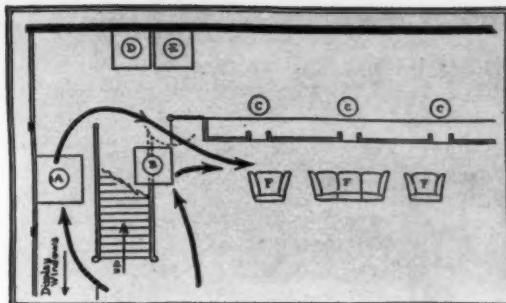
Experience has shown some of the shops who have used these collection stickers that there is something impersonal about them that does not seem to offend the proudest delinquent. That they are successful is shown by the fact that one insurance company, which offered a collection sticker to their agents in an issue of their house magazine received orders for 42,000!

Naturally, humorous drawings are most effective. They give point and add a flavor of humor to the letter. They are most effective in colors, and should contrast with the letter heading or the printing of the envelope. They need not be very expensive, however, though it is advisable to use different ones with different letters in a series.

These stickers to be effective need to be very bright and vividly colored. They are immeasurably improved by humorous illustrations and should have as little lettering as possible. Some shops have found that they are more effective when used in the body of a letter than when simply pasted at the top or foot of the letter. Just why this is so they cannot tell, but it has been proven many times.

The sticker can be described as the sugar coating to a sometimes bitter pill, but at a time when money is tight, anything that will help collect accounts and keep the customer is worth trying.

Humor has characterized English advertising much more than American. Perhaps that is why English stickers can pun successfully.



MAPPING A Credit Department for 3 Types of Customers

REPRINTED FROM THE FURNITURE RECORD

THE credit department of the Fred Davis Furniture Company, Denver, is laid out and designed to accommodate three types of customer temperament, to facilitate handling the installment payments and to make the customer feel that he is a part of the organization, according to Robert L. Self, secretary and buyer of the company.

Sketch of the layout of the credit department of Fred Davis Furniture Company, Denver, "A" is the desk of the credit manager where the reticent customers consult him on terms. "B" is where the non-reticent customers are met and terms discussed. "C" indicates location of cashiers where those already having accounts go when they want to add another item or two to their accounts. "E" is the desk of the girl who sends out notices to delinquent customers. "D" is desk of the collector. "F" indicates comfortable chairs where customers wait while their books are being made out by the cashiers. The arrows indicate the direction taken by reticent and non-reticent customers in discussing credits.

The three types of customer temperament in the installment selling of furniture are:

First: The A-1 credit risk who is somewhat reluctant to discuss credit and payments where others might perchance overhear.

Second: The good credit risk who doesn't give a hang about others who might be listening, and would just as soon as not discuss down payments and terms loud enough for everyone in the store to hear.

Third: The regular customer who has already established his credit, is already making payments on previous purchases and wants to add another item to the bill.

A customer of the third class already feels at home in the store, that he is a part of the organization and therefore somewhat privileged to step up to a cashier's window and discuss the new purchase and the new terms without bothering the credit manager.

"We find that with the customers of the first class," Mr. Self explained, "we sometimes not

only have to sell the bill of furniture but we also have to sell the terms. Some of them are so retiring in nature that they are reluctant to discuss the subject in the presence of clerks or customers, or where others might by chance overhear. They are anxious to tell everything, but they almost whisper. To accommodate such customers we have two so-called stations. One of them is in the secluded place assigned to the credit manager, and the other is anywhere in the store where comfortable chairs are available and away from the aisle of traffic.

"When a customer has purchased a bill of goods amounting to, say \$1000 or \$1500, it is safe to assume that he or she is fatigued, for he undoubtedly has spent several hours of strenuous mental effort choosing between the various styles and finishes of the articles needed. The discussion of credit and terms really comes when the customer is too weary to think about them. Hence we find it is a good practice to take the customer away from the main part of the sales floors to some overstuffed living-room suite, ask him, or her, to sit down and rest a bit, to relax, before we discuss the credit angle of the transaction. I find it is well to mention the excellence of some of the articles that have been selected, how much comfort they will give, and the service that will be derived from them. After a few minutes of conversation along these lines, we can talk terms.

"If the amount of the bill runs to a mere hundred or two hundred dollars, and the customer is of the reticent type, we take her into the secluded section assigned to the credit manager. This section is not a private office in the sense that it is surrounded by partitions, but there is a stairway, leading to the offices on the balcony, and it serves as a screen. Also, it is far enough away from the traffic lane to assure a degree of privacy in conversation. (The position is indicated by "A" in the accompanying sketch.) The credit man is not separated from the accounting department by anything other than the back of his chair. Here the terms are quietly discussed and, when agreed upon, the credit man conducts his visitor along a line indicated by the curved arrow, A to F, through a little gate to a comfortable chair where he is asked to be seated while the girl at the counter makes out his book.

"We have another desk at 'B' where we accommodate those who care nothing about what the other customers hear, though they do not shout. This desk saves time, quite frequently, and the customer is asked, after the discussion has been completed, to sit down in an easy chair at 'F' while the girl at the counter makes out the book.

"Where customers already have accounts and want to buy another item or two, add it to the bill and slightly increase the rate of monthly or weekly payments, it is unnecessary for them to consult the credit man; they need but to step up to one of the three cashiers and make known their wants; the cashier looks up the account in the ledger and notes how it has been handled

in the past, and completes the arrangements there. If the account has not been well handled in the past, it may be necessary to call the credit man in to decide.

"Since we endeavor to make every patron feel that the moment he purchases goods of us on the installment plan, he is a part of the store, we have dispensed with the high, grained and barred screen between the cashiers and the customers. There is only a low rail, about 12 inches high, around the front edge of the long desk behind which the cashiers stand—nothing between the customer and the girl who takes in the money. This dispenses with and eliminates the cold atmosphere of the old-fashioned bank.

"The customers' ledgers are on this same counter, so it takes but a moment for the cashiers to look up the condition of any customer's account and extend additional credit if the account is well cared for.

"Of course the cashiers watch the way the customers pay their accounts. If one becomes slow, a duplicate of the ledger sheet is made out and given to the girl at 'E' who sends out notices relative to payments. She places this in a tickler file and the page automatically comes up on the day the customer should pay his bill. At 'D' is the assistant credit man and collector who goes after the accounts that have not responded to our notices."



"Why shouldn't they mortgage their future to furnish a home? Their life is mortgaged anyway for \$25,000 or \$250,000, dependent upon their span of years—and a furnished home will bring contentment and provide incentive—even if it costs them 6 per cent they can expect the average increase in income of 7 per cent. Why shouldn't they?"

THE FORMULA FOR NATIONAL UNIFIED CONSUMER REPORTING

An interview with Secretary Hulse has produced for The Credit World the following explanation of a plan recently proposed by the Service Department of the National Retail Credit Association to bring about a more unified national consumer reporting.

The requisites are:

**INCORPORATION OF STATE AND GROUP STATE ASSOCIATIONS
ALLOCATION OF TERRITORIES TO CREDIT BUREAUS
CORRESPONDENTS, APPOINTED AND TRAINED
DISTRICT OFFICES ESTABLISHED**

Incorporation of State and Group State Associations is Desirable But Not Necessary for Profit

PRACTICALLY every state in the Union has its State Association. Those states not having a sufficient number of credit bureaus to justify a state organization have joined themselves with adjoining states in what is known as Group State Associations. Many of those making up Group State Associations likewise maintain their own individual State Association.

The functions of these State and Group State Associations are becoming increasingly important. They hold educational conferences regularly to which all members are invited. The programs of these conferences are devoted to subjects, a better understanding of which promotes credit reporting efficiency. Much of the improvement in inter-bureau reporting during the last few years may be attributed to the educational facilities offered by these conferences.

State and Group State Associations, through their elected representatives, have been instrumental through investigations conducted at the request and on behalf of the National Office in satisfactorily adjusting a number of contentious situations.

Many State and Group State Associations at the present time are functioning as corporate bodies—others are in process of incorporation.

For the benefit of the latter, general counsel for the N. R. C. A., Mr. Lawrence McDaniel, has prepared the following advice.

Corporations for Profit Advantages

1. The exclusive right to use a name for a period of fifty years in most states, which right may be renewed.
2. The limiting of the liability of stockholders to the amount they have paid in or agreed to pay in. This applies to all liabilities whether by contract or tort.
3. The governing of a business by a board of directors.
4. Some government supervision of the business. Varying in the several states, the federal government only as to income tax.
5. Continuity of the business is assured. Death or resignation of officers does not affect the business as others succeed automatically, or may be immediately elected.

Then Here are the Virtues of Non-Profit Corporations

All of the advantages of corporations for profit and in some states no liability for torts.

No reports to the state required.

No income tax reports required.

And a minimum corporation tax.

It is always advisable to incorporate. Whether the corporation should be one for profit or a non-profit corporation is a question that should be answered by an investigation of the law in each state. In some, the non-profit corporation offers the better way.

However, this question is one to be answered by competent counsel in each state.

It would seem that in most states the State Association should be a non-profit corporation, while the various bureaus should decide which of the two methods of incorporation would be most advantageous.

The Kind of Name to Use

State and Group State Associations about to incorporate find it advantageous to use a name so descriptive that explanatory words are not

necessary, such as "The California Association of Retail Credit Bureaus," "The Associated Credit Bureaus of Michigan," "Associated Retail Credit Bureau of Colorado, Wyoming and New Mexico," "Associated Retail Credit Bureaus of New York," "New England Credit Bureaus, Inc.," etc.

When State and Group State Associations are properly organized and duly incorporated, it would be logical and economical for the National to constantly delegate increasing responsibilities to them.

Method to Pursue at Outset

The best method to be pursued by State and Group State Associations desiring to incorporate is for the officers of the voluntary association to appoint a committee of three or more to be known as the "incorporation committee." This committee should seek the advice of an attorney who is fully conversant with the laws of the state in which the corporation papers will be filed. This insures those interested that the form of corporation, either profit or non-profit, to function most advantageously under the laws governing is being decided upon.

Allocation of Reporting Territory

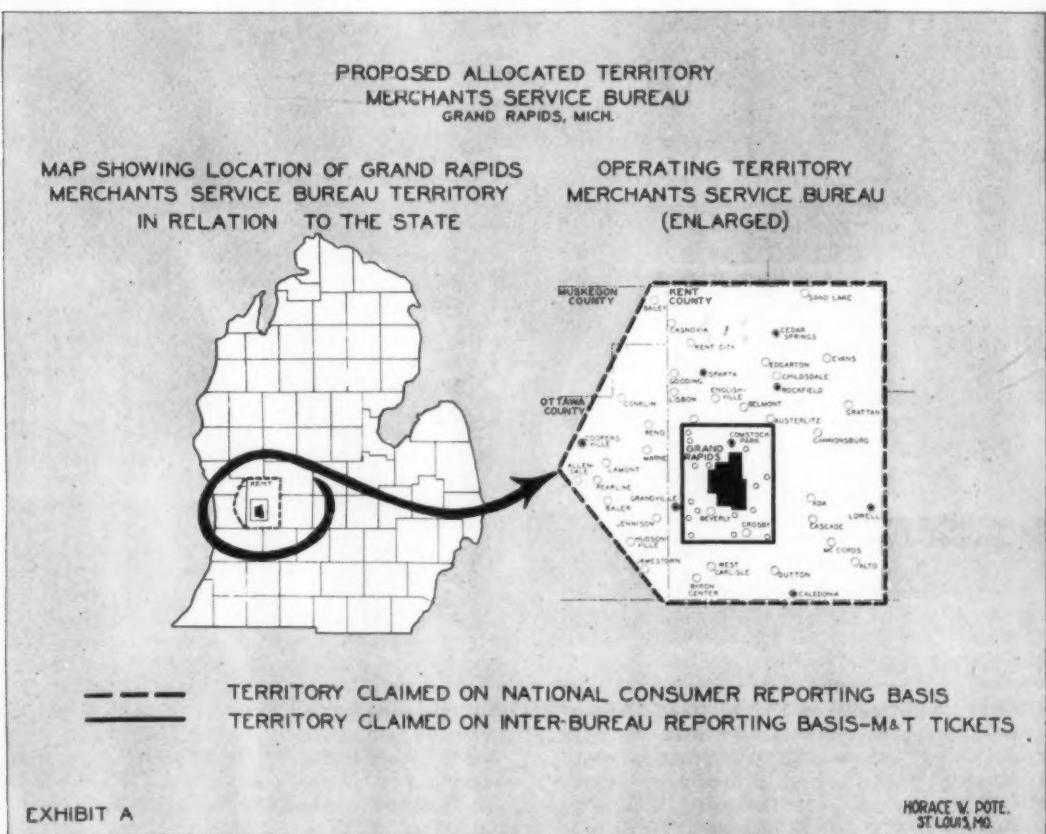
The service committee believes, Mr. Hulse says, that there are two types of reporting from which credit bureaus may properly expect to make profit. The first is in reporting to local members; the second is in securing volume business from users of national consumer reports such as finance, insurance and mortgage loan companies, etc.

Inter-bureau reporting is not and never was intended as a means of making profit. The purpose back of the "M" and "T" tickets now in use is to relieve credit bureaus or reciprocal reporting arrangements; that is to say, the onerous duty of keeping books, and rendering statements in connection with inter-bureau reports.

If the price of inter-bureau reporting is raised above an intelligent minimum the flow of information is immediately dammed up with a consequent breakdown of the safeguards laboriously built up over a period of years, against the evils of the DIRECT INQUIRY.

The National Retail Credit Association and its affiliates is interested in the economical distribution of commodities through the lowering of distribution costs. Increase in inter-bureau reporting costs would be in controversy to this established principle. The association was organized and is operated for the primary purpose of serving the business and professional men of the country economically and efficiently.

Holding the two thoughts in mind: first, that bureaus may be financed on a profitable basis through the services and reports rendered to local members and to users of national consumer reports; second, that inter-bureau reporting is not and never was intended as a method of financing local credit bureaus on a profitable basis, but rather is and has always been conducted on the basis of service, an outline may be developed as to the proper methods to be used in the allocation of reporting territories to credit bureaus.



In inter-bureau reporting, credit bureaus should claim only the territory which they can serve with promptness and accuracy under the rules and regulations of the service department (see Exhibit "A"). This territory may prove to be the corporate limits of the town or city in which the bureau has its place of business. It would appear, however, that a desire to cooperate with the fellow bureau managers and thereby serve business generally should actuate a broader minded policy.

In Exhibit "A," the inter-bureau reporting territory claimed by and allocated to the Merchants' Service Bureau of Grand Rapids, Michigan, by the Michigan State Association having jurisdiction, is drawn on the map as indicated and is immediately contiguous to Grand Rapids. The Merchants' Service Bureau of that city in claiming that territory for inter-bureau reporting purposes would guarantee, in accord with the rules and regulations of the service department, to write and deliver a standard consumer report and develop a trade report on any consumer residing within that territory on the basis of one "M" or one "T" ticket, respectively.

The territory that would be claimed by and allotted to the Merchants' Service Bureau of Grand Rapids in connection with national consumer reporting is likewise drawn on the map reproduced in Exhibit "A." It will be noted that the Grand Rapids Bureau has reached out as far as is logical for it to do, and has laid claim to and would be allotted such territory as it, in the opinion of its management, could profitably serve and efficiently supervise in connection with the development of reports for finance, insurance, and mortgage loan companies, which should deliver at from \$1.00 to \$2.50 per report.

It would be recognized in laying claim to this territory and would govern itself accordingly, that competition might, in a measure, govern the price which would be charged for these types of reports and that therefore a major portion of them might deliver at from \$1.00 to \$1.50 each. The Grand Rapids Bureau would maintain under its direction and supervision, correspondents as and where needed within this territory. This arrangement is set forth under the heading "Correspondents."

The Service Department Committee recommends that each State and Group State Association appoint a committee to be known as the "Committee on Allocation of Reporting Territory." This committee would request each bureau to indicate on its state map the exact extent of its inter-bureau reporting territory, also the exact extent of its National consumer reporting territory.

The committee would request that each bureau use the same method in determining these territories as is indicated by the map marked "Exhibit A." After each bureau had so designated its two reporting territories as indicated, it would immediately send its map to the chairman of its State Committee on Allocation of Territories. When all maps had been received, the committee would hold a meeting at which time all overlapping of territories would be adjusted.

When this had been done, each state committee would send individual maps showing the exact extent of each bureau's inter-bureau and national consumer reporting territory to the offices of the National Retail Credit Association. A master map of each state would then be prepared by the National Office showing the exact reporting territories of each bureau operating in that state. These master maps would be kept permanently on file in the National Office in a special cabinet designed for that purpose. They would likewise be printed in quantities for general distribution. Each bureau procuring one or more for its information and guidance.

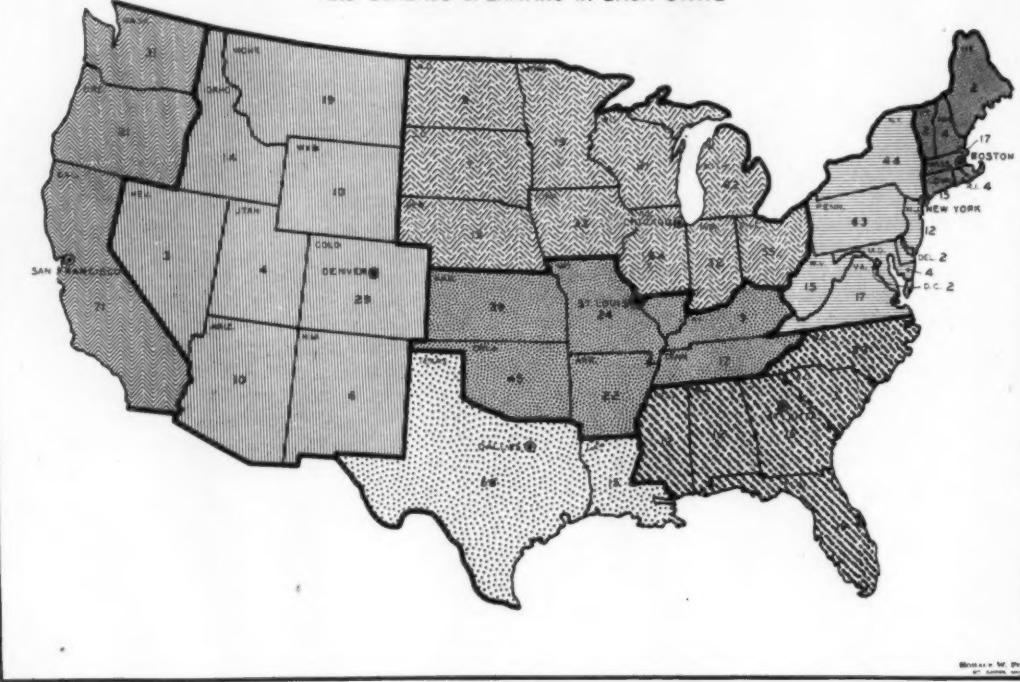
The committee believes that this arrangement would necessitate the preparation of two rosters, one for the use of credit bureaus in inter-bureau reporting, the other for the use of the users of national consumer reporting service. The one which would be used by credit bureaus in inter-bureau reporting, would contain the names and addresses of all correspondents appointed, maintained and supervised by credit bureaus in the territories claimed by and allocated to them in connection with national consumer reporting service.

For illustration, see Exhibit "A." The Grand Rapids Bureau would, without doubt, appoint, maintain and supervise a correspondent in Caledonia (see lower line enlarged part of map). This would likewise apply to other communities within the National consumer reporting territory claimed by and allocated to the Grand Rapids Bureaus as indicated by the map.

The names and addresses of these correspondents would be certified by the Grand Rapids Bureau to the National Office for inclusion as above indicated in our regular Service Department roster. These correspondents would be used for reporting services by other bureaus as and when needed and as hereinafter provided. This applies to all other credit bureaus.

With this arrangement in effect the Service Department Committee believes that a credit bureau desiring a complete report on a consumer residing within the National consumer reporting territory claimed by and allocated to the Grand Rapids Bureau as indicated by Exhibit "A," might route a 30-cent correspondent ticket to the correspondent in that community, on receipt of which ticket the correspondent would develop a questionnaire form of report covering identity, history, character, resources, and such trade information as is known. The inquiring bureau may also route a 35-cent "T" ticket the Grand Rapids Bureau for a trade report, it being recognized that most consumers living within the National consumer reporting territory that would be claimed by and allocated to the Grand Rapids Bureau might have charge accounts in that city recorded in the reports contained in the bureau's file. It does not necessarily follow, however, that the Grand Rapids Bureau, because of the distance that the subject of inquiry resides from its city is possessed of the antecedent information readily procurable by the correspondent. This likewise applies to all other credit bureaus under similar situations. The committee believes that this

**PROPOSED DISTRICT OFFICES N.R.C.A.
AND BUREAUS OPERATING IN EACH STATE**



plan of handling inter-bureau reports could be decidedly advantageous.

The territory claimed and allocated to credit bureaus for inter-bureau reporting purposes would be handled in the roster as it is now; that is to say, communities within this territory would be indicated in the roster as "See reporting bureau."

The second roster would be placed in the hands of users of National consumer reports and would contain the names and addresses of all credit bureaus, together with the names of all communities within their claimed and allotted National consumer reporting territories. These communities would be referred to in this roster as "See reporting bureau."

By referring to Exhibit "A" map, you will note that there are a great many communities within the National consumer reporting territory claimed by and allotted to the Grand Rapids Bureau. Correspondents would, without doubt, be maintained and supervised by the Grand Rapids Bureau in these communities. The names of these correspondents would, however, not appear in the roster placed in the hands of the users of National consumer reports. These communities would be listed in the roster as "See Grand Rapids." This applies likewise to all other bureaus. National users of consumer reports desiring reports on subjects of inquiry residing in any of the communities within the territory claimed by and allotted to the Grand Rapids Bureau for National consumer reporting purposes, would route all inquiries to the Grand

Rapids Bureau in the manner hereinafter outlined:

In event a credit bureau is organized in a community within the National consumer reporting territory claimed by and allotted to a credit bureau, the new bureau upon proof of proper qualification should be acceptable to membership in the Service Department as provided in the rules and regulations governing. It should be entitled to apply for such contiguous territory as it can efficiently serve in inter-bureau and National consumer reporting. Having established its ability to the satisfaction of the State or Group State Association having jurisdiction, National consumer and inter-bureau reporting territory would be allotted and so indicated in the roster and upon the maps maintained for that purpose. Such procedure would automatically cancel the correspondents listing or listings.

Correspondents

Under the plan above outlined correspondents divide themselves logically into two groups. The first are those appointed, maintained and supervised by credit bureaus within the limits of their national reporting territory. The method to be used by credit bureaus in securing reports from this type of correspondent has been set forth above.

The second group are those which would be appointed, maintained and supervised by State or Group State Associations, having jurisdiction; that is to say, after territories have been claimed by and allotted to credit bureaus as

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above mentioned for inter-bureau and National consumer reporting purposes, there could be found to be much territory not coming under the control of any credit bureau. This territory would be properly known as "No Man's Land."

The State or Group State Association having jurisdiction would, through the committee on allocation of territory, proceed to appoint correspondents as and where needed in the territories indicated on the state map, after same has been completed, as "No Man's Land." These correspondents would be under the direct supervision of the State or Group State Association having jurisdiction and the National Association. They would be visited and instructed in their duties by the National field representatives. They might become the nucleus around which could be built in communities too small to support a regularly organized credit bureau, local retail credit men's associations—units of the National Association. This would give these communities the semblance of credit control through regular weekly meetings held for discussion purposes. It would also add to the numerical strength of the National Association through enrolling members of these local units as National members.

It would assist in more widely distributing the educational materials emanating from the National Office. These detached correspondents would each become an individual member of the National Association paying regular dues. They would, of course, be eligible to receive all of its publications and would be considered as our official representatives in their respective communities. Their names and addresses would be listed in the rosters above mentioned. Their services would be used in inter-bureau reporting as well as in National consumer reporting.

The committee recommends that correspondents' tickets be issued which would sell to credit bureaus at 30 cents and 55 cents each and which would be cashable at 25 cents and 50 cents each. The 30-cent ticket would be used by credit bureaus in payment for questionnaire forms of reports secured from correspondents listed in the service roster as being within the National consumer reporting territories of credit bureaus as above indicated. The 55-cent tickets would be used by credit bureaus in securing reports from "detached correspondents."

The difference in remuneration is brought about by the fact that those correspondents operating within the National consumer reporting territories of credit bureaus would be used more extensively by the bureau controlling that territory than would the "detached correspondents" and for reasons which are self-evident. The names and addresses of "detached correspondents" thus appointed and functioning in "No Man's Land" would be printed in the roster which is to be placed in the hands of users of National consumer reporting service, as well as in the regular Service Department roster.

District Offices

The working out of the above program leads logically to the establishing of district offices located strategically and at focal points throughout the country. See Exhibit "B." It would

not be expected that these offices would be started until such time as the association was in position financially and otherwise to do so, nor until such time as the above program was sufficiently developed to warrant. It will be noted by Exhibit "B" map, that the committee recommends that district offices be eventually established in Boston, New York, Atlanta, Dallas, Denver, San Francisco and Chicago. The territories which these district offices would cover is likewise outlined in Exhibit "B" map. The cities and territories have been arbitrarily selected and are consequently subject to change.

These offices would have two functions, namely, "promotion" and "supervision." They would be in charge, when established, of a district manager. It would be his duty to contact all of the users of National consumer reporting services within his district, selling them constantly on the services of affiliated bureaus. That is to say, these district managers would become the sales force for all credit bureaus and detached correspondents, affiliates of the National Association.

The committee recognizes that the lack of personal contact with the purchasers and users of National consumer reports is one of the main reasons why the N. R. C. A. does not command practically all of the business in that particular field. The committee recognizes it as imperative that the National's co-ordinated set-up, above outlined, should be put into effect at the earliest possible time in order that the National consumer reporting business which is coming now in increasing volume may be handled with efficiency and dispatch.

The committee likewise recognizes that it is necessary that the N. R. C. A. perfect a system for handling National consumer reports free from cumbersome detail and red tape. It recommends, therefore, that a system of triplicate order blanks be prepared for use of district offices when established. These order blanks to be furnished to companies requiring reports on a national scale, but which do not maintain branches in towns or cities serviced by local credit bureaus. Those maintaining branches in bureau towns would be required to join and secure credit reports from those bureaus. These order blanks would be used by National concerns not maintaining local branches as follows:

When a credit report is required, the concern needing to make the inquiry would refer to the National roster, ascertaining the name and address of the local credit bureau or community indicated as "See reporting bureau," which it serves within the confines of its National consumer reporting territory or the name and address of a detached correspondent. It would send the original order blank to that point; the duplicate order blank would be immediately forwarded to the district office controlling that territory in a self-addressed stamped envelope provided for that purpose; the triplicate order blank would be retained as the company's record of the request. Report would be immediately compiled by the bureau or detached correspondent, and sent to the inquiring company. Duplicate of the report would be sent to the district office functioning in the territory from

which the request emanated. The district office would immediately match duplicate reports with duplicate order blanks, stamping the receiving time thereon. This would give an accurate check both as to speed and accuracy.

The district office would, through a system set up for that purpose, render one statement to each company covering all reporting services which it might have used during the period covered by the statement regardless of the number of bureaus or detached correspondents from which reports may have been requested. Receiving a check from the company, it would apportion it to each bureau or detached correspondent in accord with the number of reports rendered. Detached correspondents would be paid by the district office on the basis outlined above in connection with inter-bureau reporting. The district office would, however, bill user on the same basis for reports rendered by correspondents as by bureaus. The district office would also retain a small overwriting on reports rendered by bureaus for the purpose of deferring expenses.

In order that reports requested and delivered under this system might come within the provisions of the law of privileged communications, the committee recommends that each bureau give the State or Group State Association having jurisdiction, a contract permitting that State or Group State Association to enter into agreements on its behalf with users of National consumer reports. State and Group State Associations would then give the National Association a contract permitting it to enter into agreements with users of National consumer reports on behalf of their affiliates.

It is recognized that competition would, in a measure, govern the price at which reports would deliver to the users of National consumer reporting service. Therefore, the committee does not at this time attempt to set up a schedule of fees for the various types of report which bureau would be called upon to furnish. The committee does state, however, that only such contracts and agreements would be made as meet the approval of the Service Department Committee, State and Group State Associations and their affiliates.

The census of distribution for Chicago has just been completed. It is interesting to compare the retail picture of 1930 with that of 1927 when a previous census was taken in Chicago.

The retail sales were then \$1,981,140,400, now \$2,153,626,553. The number of retail establishments then 41,244, now 43,625. The payroll then \$263,128,600, now \$275,136,560.

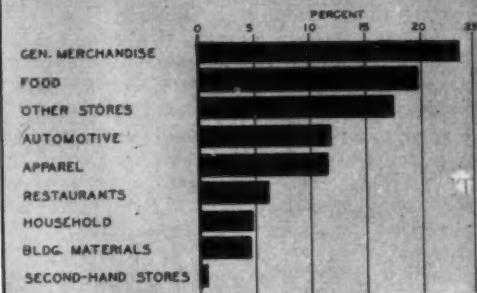
The population of Chicago today is 3,375,235.

Single store independents do 50 per cent of the total retail business—a proportion considerably smaller than that found in any of the cities completed by the bureau up to this time. The general merchandise group lead in Chicago with 72 department stores doing a volume of \$395,956,023, which is 78 per cent of the group and 18.4 per cent of the total retail business.

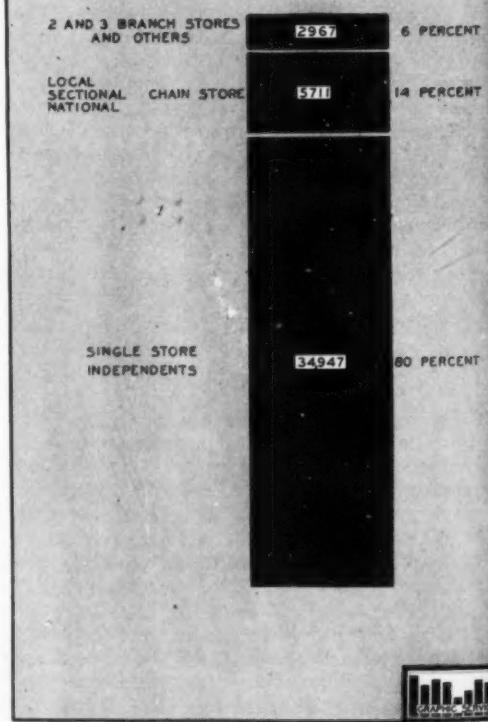
ANALYSIS OF CHICAGO'S RETAIL STRUCTURE 1930



ANALYSIS OF TOTAL SALES 1930



CLASSIFICATION BY TYPES



WASHINGTON BULLETIN



JANUARY, 1931

By R. PRESTON SHEALEY
Washington Representative N. R. C. A.

foreword

THE outstanding question in Washington at the moment is whether or not we are to have an extra session of Congress, and the key to that question is to be found in the United States Senate; a body composed of many "generals," and not so many "privates." If the generals, each with his own plan to relieve financial distress, can be induced or cajoled into temporarily deferring discussing his plans upon the floor of the Senate, then we will not have the extra session, but if one or more decides that his plan is the only method and filibusters against the appropriation bills to bring about consideration of his ideas in an extra session, then we will have one.

The rules of the Senate permit a great deal of noise, but it is noticeable that the Senators introduce comparatively few bills. The rules of the House, on the other hand, shut off the noise, but do not check the introduction of bills, and hence it is that the latter body, known for speed and expedition in legislation, holds the record for the introduction of bills. It is just a question of which outstanding characteristics will come most to the front at this session as to whether or not we are to have an extra session.

Legislative

(a) The outstanding event of the month of December for retail credit grantors was the passage by the House of Representatives on Wednesday afternoon, December 10th, of H. R. 8649, the bill to provide that the return address may be given as well as the signature on receipts for registered mail matter. The bill then went to the Senate Committee on Post Offices and Post Roads, of which Senator Phipps is chairman, and at this writing favorably reported to the Senate without amendment.

The bill was the subject of extended debate in the House and considerable opposition, but had been placed second on the House Post Office calendar of ten or more bills favorably reported to the House, and hence passed before adjournment that day. The present session is, of course, a short one, but every effort is being made to have the Senate pass the bill at this session.

(b) In January many state legislatures commence to function, and the taxation question will be uppermost. In Maine the state board of assessors has recommended to the governor of the state an intangible or income tax law; in Texas the state tax commissioner, in his report to the governor, states that "public in-

debtedness should be authorized by those only whose property is pledged and who have the debt to pay," and in Iowa, the joint legislative committee on taxation and state board of assessment have recommended an individual income tax with a classified intangible tax rate.

Taxation

(c) Bills have been introduced in the Senate and House to permit corporations to deduct charitable contributions from their income tax returns for the period from July, 1930, to June 30, 1931, not to exceed 15 per cent of the corporation's net taxable income. At the present moment individuals are allowed deductions of this nature up to 15 per cent of their net income, while corporations can only make such deductions by way of a business expense, and then only as a contribution to institutions from which a direct benefit is derived. Under the proposed Smoot-Hawley bill such contributions of corporations for charitable, social welfare, or unemployment relief purposes, may be deducted during the period stated up to 15 per cent. This bill has the support of Secretary Mellon.

(d) Ordinarily, eleven regular appropriation measures are passed at each session, but an emergency construction measure has been added to the list at this session and a drought relief bill authorizing the expenditure of public funds, as is generally known, is also passing through Congress. Two of the regular appropriation bills have been passed by the House, and rapid progress is being made in whipping the other measures into shape so that when both Houses reconvene after the holidays, all of these measures will be in shape for early action.

Departmental

(a) The Farm Board has reported that progress is being made in reducing the surplus of wheat and that the surplus on July 1, 1931, will probably be one hundred million bushels less than the surplus on July 1, 1930; economic loss, it is reported by the Department of Commerce, may force many rubber growers to suspend operations, and this may bring about a better situation in that industry; proration in oil; reduction in production of copper, and the sugar agreement now practically completed, bring improved prospects for lessening over-production in five basic industries.

(b) The credit research section of the Bureau of Foreign and Domestic Commerce of the Department of Commerce, an organization which largely owes its existence to the National

Retail Credit Association, is a busy organization these days, as the review of the status of its work as of December 19, 1930, indicates: A field survey of business failures has been completed in Newark and the test is now being written. A similar survey started October 13th in Boston, and another one is scheduled to commence in the field in Chicago in January. The National Mercantile Credit Survey questionnaire is about to start. A nation-wide analytical survey on "collation of data on returned goods in manuscript form" is another item on the program. The report for the first six months of the semi-annual retail credit survey will be released as of December 26, 1930, while the questionnaire for the last six months of 1930 comparable with the same period in 1929 has been revised and will be mailed approximately January 12, 1931.

Court Decisions

(a) Sometimes, articles are sold under conditional sales contracts, and may appear to be affixed to the real estate. A case is now pending in the Maryland courts where an air pump was sold under a conditional sale contract and then bolted into the concrete surface of a filling station. Just recently in Massachusetts, under somewhat similar conditions, the Supreme Court of Massachusetts has held in Medford Trust Co. vs. Priggen Steel Garage Company that certain garages sold under conditional sales and affixed to the real estate "by removable nuts operated on threaded bolts are personal property subject to the operation of the conditional sale contract, and not a part of the real estate."

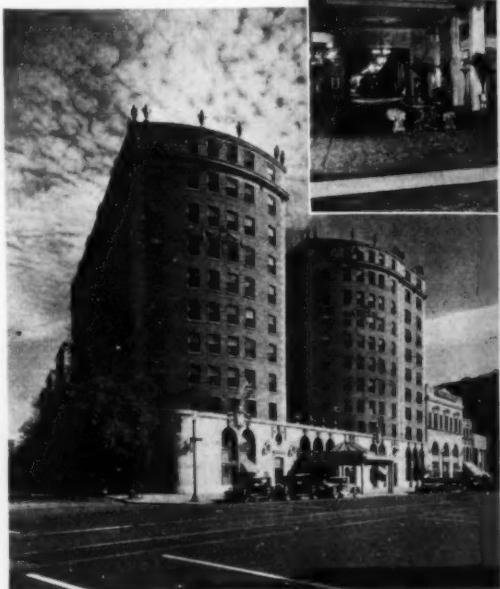
(b) The decision of the circuit court of appeals for the ninth circuit just rendered in Patten & Davies Lumber Company vs. Commissioner of Internal Revenue is of distinct interest to credit grantors. It appears, from the facts in this case, that the petitioner, a California corporation, made a thorough investigation, through its officers and attorneys as to the worthlessness or not of certain indebtedness, and the investigation indicating the worthlessness of the debt, it was charged off on the federal income tax return of the taxpayer for the year 1921. In the latter part of that year, bankruptcy proceedings against the debtor corporation were inaugurated and the board of tax appeals felt that that precluded the taxpayer from making the deduction until it had been definitely ascertained in the bankruptcy proceeding that a dividend would not be forthcoming.

In the instant case (and, of course, charging off bad debts is more a case of good faith in actually investigating their worthlessness than anything else) the court said:

"There was nothing in the filing of a petition in involuntary bankruptcy to encourage the petitioner into an intelligent belief that he was more likely to collect his debt than he would have been in the absence of a petition. The undisputed evidence discloses that the taxpayer was fully justified in writing the indebtedness off his books in 1921.

THE COLUMBIA REGIONAL Conference

FEB. 16 - 17



AT THE MAYFLOWER, WASHINGTON, D. C.

ONE of the most magnificently equipped hotels in the world will be host to the Columbia conference—the stopping place of dignitaries prominent in statecraft, diplomacy, society, finance, credit and industry.

Environment usually lends a great deal to the success of a convention, but in the Mayflower the atmosphere will be stimulating in the extreme.

In the convention rooms, for example, the speakers will feel the influence of beauty and harmony in murals of reputation brought from Venice.

The public rooms of the Mayflower are the finest in America, radiating an air of magnificence and distinction that cannot be matched.

Those in attendance at the Columbia conference will be cradled and coddled in the very finest of hostleries—so luxurious as to excite the envy of all who cannot be there.

THE CREDIT WORLD cannot over-emphasize the importance of this gathering of credit men or the enticing influence of its locale.

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ON TO FARGO



FEB.

16-17

"On to Fargo" rings the clarion call of President Funk from out the frozen wilds of Winnipeg. "On to Fargo" is the rallying cry of George Fairly borne to us on the balmy breezes coming down from Duluth. "On to Fargo" echoes from the realms of Secretary Codden. "On to Fargo" Director Dammann urges his forces from the South. "On to Fargo" is heard in refrain from Hoklas, Walker and Gilfillan, in the chorus of the twins. "On to Fargo" is the battle-cry from the chieftans of the land of the Dakotas. Everywhere throughout the region—Minnesota, South Dakota, Wisconsin and North Dakota and the regions to the North—credit leaders are responding.

The Sixth Regional Conference of the North Central Division of the National Retail Credit Association will convene at the Elk's Temple, Fargo Lodge B. P. O. E. No. 260, Fargo, North Dakota, promptly at 9:00 a. m., Monday, February 16th, and will adjourn on Tuesday evening.

Some Highlights of the Program

1. Possibilities of Retail Credit Compared with Wholesale.

2. Retail Credit as the Merchant Views It.

3. Four Divisions of a Credit Manager's Work.

Customer Control.

Sales Promotion.

Departmental Organization.

Profiting by Experience.

4. How to Secure Co-operation Between Bureaus and Business Houses.

5. Installment Practices.

The Gardner, Powers, Fargoan and Graver Hotels are prepared for you—rates \$1.50-\$4.00 single, \$2.50-\$6.00 double. Make reservations through the Fargo Moorehead Retail Credit Association.



The Credit Manual Will Help You Meet Your Problems!!

The new 1931 CREDIT MANUAL of COMMERCIAL LAWS interprets, clarifies and classifies all Federal and State laws affecting your credit, collection and sales work—an indispensable reference book.

The MANUAL is widely used by wholesale and retail credit executives, commercial lawyers, accountants and bankers. Much of its material is not published elsewhere.

In the coming year, as never before, executive decisions must be RIGHT. Credit and business leaders are depending on the CREDIT MANUAL COMMERCIAL LAWS for accurate interpretation of the legal implications back of every sale or credit transaction.

The Price is Only \$4.00 Postpaid

Send for Your Copy Now



National Retail Credit Ass'n

1218 Olive Street

St. Louis, Mo.



Credit men and bureau managers who have attended the meetings of any Southern conference for the past three years will have no difficulty in recognizing the handsome and manly visage of Herbie Ryland (below), secretary of the Credit Men's Association of Monroe, Louisiana. Herbie has a personality exactly as depicted below and there is probably no better compliment we can pay this capable secretary than to say he is the type of man that one instinctively turns to when there is a job to be done.

Immediately following the Southern conference of last year, held in Chattanooga, Herbie returned to Monroe, and forthwith married Miss Matalie Fisher (above), without whose charming likeness this page would not be complete. Whether it was the influence of the Southern conference or whatever it was, the opinion is unanimous that this was probably Herbie's best day's work.

The annual meeting of the Monroe association was held in November. Mr. Frank C. Hamilton of the National Association was in attendance. He reported upon his return a most enjoyable visit, an enthusiastic and hospitable group of merchants, but especially a bureau manager who ranks high in the confidence of his members.



YOUR COLLECTIONS IN

Detroit

Will Receive the Best Attention Possible If Sent to

The Merchants Credit Bureau, Inc.

The largest collection department in the city devoted exclusively to RETAIL ACCOUNTS. The benefits accruing in placing your accounts with an organization owned by the merchants, for their protection, are self-evident.

Rates Reasonable . . . Safety Assured

Address:

MERCHANTS BUILDING

206 EAST GRAND RIVER AVENUE



UNUSUAL CLAIMS..

FOR AN UNUSUAL STAMP PAD

Since 1921 We Have Been Making Unusual Claims for the "Mun-Kee" Stamp Pad

We have been saying:

that the "Mun-Kee" scientific control of ink supply gives the user perfect rubber stamp imprint all the time—

that the receivable and replaceable "Mun-Kee" inking surface and the durability of the entire pad makes it the most economical one to use—

that the rubber base of the "Mun-Kee" does not scratch the desk—

that the "Mun-Kee" can be re-inked in 10 seconds with no waste of ink and no soiling of fingers—

that "Mun-Kee" Ink is a pure glycerine base ink which cannot injure rubber stamps—

that if you try the "Mun-Kee" Pad once, you will use "Mun-Kee" always.

Now after ten years test, hundreds of thousands of users all over the country can testify to the truth of these claims.

For the "Mun-Kee" is an unusual stamp pad and will do all the things we claim for it.

If you've never tried the "Mun-Kee," get one today and see why we can adopt the policy of "perfect satisfaction guaranteed or money is refunded."

If your stationer or rubber stamp dealer can't supply you, write to us for "Mun-Kee" on ten-day trial.

MUN-KEE PRODUCTS CORPORATION

Newark, N. J.

FOR SALE

Practically new, 2000 capacity, 4x6 Acme Visible Card File, at a substantial discount.

COLUMBUS CREDIT BUREAU
Columbus, Nebraska

A Direct Message from Manager - Treasurer D. J. Woodlock

Suppose I forgot your salary for several months?

Women Who Play Fair...

Had she the right to preach?

...They were talking about his wife

"Now it's our turn to play fair with them!"

WOMEN WHO PLAY FAIR...

Pay Promptly

Free Booklet "How to Use Credit to Your Best Advantage"

THE LOCAL RETAIL CREDIT ASSOCIATION

Who Gets the Benefit of Pay-Promptly Advertising?

The bureau? No. The merchant? No. Who gets the benefit of a city's water supply? The plant that pumps it? No.

Who gets the benefit of the milk that is delivered daily? The dairy? No.

Who gets the benefit from electric light that lights our homes? The public utility companies? No.

Who gets the benefit from the automobiles, the radios and the million and one things that are sold? The sellers? No. The consumers?

The consumer enjoys the water to drink and bathe in, the consumer is nourished by the milk. The consumer has the advantage of the light when the sun goes down.

The consumer advances to a higher plane of culture through the radio—to a broader life through travel and to happier living because of all the things that are manufactured and sold to him today.

The consumer gets the benefit, but because he does he is a better consumer.

And advertising is the thing that has blazed the trail for better consumers in America.

But with better consumers the merchants grow and with prompter payers the merchants profit.

Afraid to tell him? Afraid to enlighten him? That is an old story in advertising.

When the thing to be advertised is right, there should be no hesitancy.

The consumer today lives better than he lived five years ago, and the consumer five years hence will live better than he lives today—if you teach him.

Our advertising plan is right. It has been acclaimed far and wide by people who know.

People are led by leaders, but the leaders of an association are not meeting the challenge that this problem presents.

If some of our leading credit men in our larger cities will get in behind this campaign its force and effect will soon be justly National.

This is a direct appeal to those men whose vision and ability as leaders has always supported the progressive work of the National Retail Credit Association. Will they now scrutinize this program without bias and then put their shoulders to the wheel?

D. J. WOODLOCK.

NATION-WIDE ADVERTISING IS URGED TO AWAKEN CONSUMER CREDIT MORALS

National Retail Credit Association Prepares Intensive Campaign

OFFERED FOR LOCAL USE

Will Co-operate to Fullest Extent With Territorial Drives

St. Louis, Dec. 16.
WITH the American retailer allowing himself to become a lender of money to the extent of more than \$28,000,000,000—

With only 43 per cent of retail credit accounts collected when due, and the rest remaining uncollected for an average period of seventy days—

With the "lamebrain" truth that advertising of "Conserve Your Cash," "Buy as You Get Paid," "Nothing Down" and "Credit on Your Own Terms" has so weakened normal relations to moral obligations that the individual consumer, who is honest in ninety-nine cases out of 100, has proved himself prompt in only fifty cases out of 100—

The National Retail Credit Association is proposing a nation-wide campaign of advertising to awaken the buying public to its obligations under the credit contract and to "humanize" credit.

The association has developed a remarkable plan of publicity and striking copy, which will be available to all merchants, in every section of the country, who are interested in driving home to their customers in a constructive, friendly way a greater sense of moral obligation for more prompt payment under the credit contract.

The whole trouble with the retail credit situation, the association declares in the preface of its offer of this campaign, is that "credit has not been humanized." The theory back of the campaign holds that:

Credit is as fundamental as our civilization. Credit understandings are between children in their play; no credit has not been made an issue with the people. The people understand issues such as prohibition, disarmament, child welfare, sanitation, hygiene, but they have not conceived credit in its proper social significance. At least they have not conceived it as a moral issue. Subconsciously they understand it as a part of culture, but it has not been expounded as have other issues in which the public has taken an intelligent interest and sincere participation.

The constantly accelerating effort of American business to build for itself the machinery for securing new and wider markets ushered into American economic life the expansive retail credit production that we have today. Mass production was the order of things. Mass production necessitated mass-selling. Mass-selling required the aid of advertising. They have all joined hands to stand balanced upon consumer credit.

Consumer credit played its important economic part in how America came to be America — how America came to be prosperous — how America came to give every one who was willing to work an equality in living — how luxuries became necessities — how people were induced to buy all that was made to keep the channels of distribution open — and how the liberal extension of terms in many ingenious ways helped the buying power to increase with production.

Now that these basic values are

GRAPHIC REVIEW OF THE NATIONAL RETAIL CREDIT SURVEY PART I

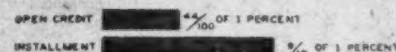
A REVIEW OF 892 DEPARTMENT STORES (1927 GAIN OVER 1925)



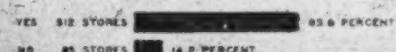
CLASSIFICATION OF SALES FOR 568 DEPT. STORES (EXCLUDING CHAIN & MAIL ORDER HOUSES)



LOSSES FROM BAD DEBTS - 598 DEPT. STORES (RATIO OF BAD DEBTS TO CREDIT SALES)



STORES MAKING USE OF CREDIT BUREAUS - 1927



PERCENT OF ALLOWANCES & RETURNS TO TOTAL SALES



PERCENT COLLECTED ON MONTHLY INSTALLMENT ACCOUNTS



street cars cannot be ignored; and in a number of cases local radio stations could be used.

Billboards are first with newspapers for the value of the advertising dollar spent within the community. In outdoor advertising the dollar buys 5000 circulation. In morning and evening and Sunday newspapers combined it buys 2250 circulation. There are 16,000 cities and towns in the United States, ranging from the great metropolitan cities down to villages of 200, with outdoor advertising facilities.

Newspapers Important
Although outdoor advertising claims the greater circulation—(supposedly three times the population of a town or city, using a full showing of posters)—an intangible claim has always been the ally of posters in advertising. Posters are used to complement the billboards.

Stores "Money-Lenders" to Tens of More Than Twenty-eight Billions

57 P. C. ACCOUNTS OVERDUE

Survey Shows Average Period Uncollected Is Seventy Days

operation without any feeling of economic responsibility. Easy credit and methods of installment buying, while they have stimulated trade, have made it possible for people to gain their social satisfactions and to succeed in their social competition without meeting continuously and promptly their economic obligations. The result is that he over money does not now create any of the old feeling of dissatisfaction or uneasiness.

A state of perpetual indebtedness is being looked upon as a natural and normal state of affairs. The older tendency common to people of an earlier generation, never to buy more than they could immediately pay for, no longer maintains itself in our time. Indifference to economic obligations, not with the idea of being ultimately dishonest, but with the idea of following the line of least resistance, is one of the basic reasons for delinquency on the part of the people in the prompt payment of their obligations. It has become fashionable to be in debt because of the fact that standards of living and social requirements have in many cases surprised the capacity of individuals to make prompt payment on all of those things which they buy where the purchase does not involve the payment of installments.

Capp Must "Fit" People

If people are going to be influenced by advertisements in such a way that they will promptly meet their obligations, the advertising copy must have to involve such suggestions as to establish a different attitude in the mind of the buyer toward his social responsibilities. Ignorance of what delinquency costs them both in money and values is another factor which tends to delay prompt meeting of obligations on the part of buyers. Few people realize that their credit is endangered permanently by delinquent payments. If they knew the extensive ramifications of the national retail credit system, they would be uneasy and dissatisfied with the way in which they were meeting their obligations. This uneasiness and dissatisfaction can be developed through advertising which acquaints people with the facts and which places an honor as well as an economic imperative on prompt payment; at the same time it promises social and economic satisfaction when prompt and complete payment are naturally made.

We find that ignorance and indifference and ignorance of what the credit failure involves are the basic reasons for delinquency in the prompt payment of obligations. Methods of attack through educative advertising would deal with these two major considerations. On account of the social competition which characterizes the social life of the American buyer, the individual cannot afford to endanger the place that he has gained in his social relationships by delinquency in meeting his financial obligations. If he were made to feel that such conduct was unfair and he were educated with the help of his friends, he would naturally stimulate his debt.

CREDIT EDUCATION INSERTS



To Promote Customer Understanding of Good Credit, Inoffensive and Inexpensive
Six Inserts of Our Standard Series are Shown Below

Size 3 1/8x6 inches—to Fit Statement Envelopes

Price \$2.50 Per Thousand

I am the Foundation of Prosperity!

I AM the lifeblood of business—the buying medium of millions of consumers.

I keep the industries of the nation at work, providing employment for everyone.

I am the wheel of finance, providing a steady flow of income to the worker, the merchant, the manufacturer, and back again to the worker.

I am the foundation of prosperity—

I AM CREDIT!

Help keep the nation prosper—
ous—pay retail bills promptly.

National Retail Credit Association

Executive Offices Saint Louis


Like the Sterling Mark on Silver!

A GOOD credit record is like the "Sterling" mark on silver—identifying its possessor as one of sterling character.

Your credit record—your credit standing in your community—is the measuring line by which you are judged, especially by those in business.

"Pays promptly" is an identification mark of unquestioned integrity—like the "Sterling" mark on silver.

Prompt payment of retail bills—on the 10th of each month—is the foundation of a high credit record.

National Retail Credit Association

Executive Offices Saint Louis


"O.K."— What it means

THAT little notation, "O.K.", on your charge slips, is the badge of honor of the retail charge account.

It means that your credit is good—that you pay your bills promptly and according to promises.

It means that the merchant has confidence in your integrity.

"O.K." is the index of your credit record. Protect it and preserve it—pay retail bills promptly.

National Retail Credit Association

Executive Offices Saint Louis


Credit is Faith in Humanity

CREDIT—derived from the Latin credo: I believe—is based on faith—faith in people—faith in their character and determination to, as Emerson says, "pay every debt as if God wrote the bill!"

And he who justifies that faith, who pays his bills according to terms and promises, builds a credit record that is priceless.

Credit, never abused, is never refused.
Pay retail bills promptly.

National Retail Credit Association

Executive Offices Saint Louis


The "Who's Who" of Business

NOT all of us have our names recorded in "Who's Who" or the Social Register but—

All of us, whether in high or low estate, are catalogued in the "Who's Who" of Business—the records of the Retail Credit Bureau.

Here on a little card is kept the life history of your credit record—of how you meet your obligations or don't.

"Prompt Pay," the highest tribute in the "Who's Who" of Business, is the record of those who pay retail bills on the 10th of each month.

National Retail Credit Association

Executive Offices Saint Louis


The 10th of the Month Is Merchants' Pay Day

THE retail merchant is a public servant. He serves you faithfully and well and, like any other faithful servant, expects his payment when due.

Retail charge accounts today are based on standard monthly terms:

Each month's charges are due on the 10th of the following month.

Whether you are an employer or an employee, you know what "pay day" means!

The 10th is the merchant's pay day. Pay him promptly. Prompt payments promote prosperity and protect your credit.

National Retail Credit Association

Executive Offices Saint Louis


NATIONAL RETAIL CREDIT ASSOCIATION

1218 Olive Street, St. Louis, Mo.

TOLEDO

CLEVELAND

The B R Baker Co.

December 4, 1930.

National Retail Credit Association,
1218 Olive Street,
St. Louis, Mo.

Dear Sirs:

Enclosed find check for \$10.00, for which you will please send us an assortment of your stickers for monthly statements.

They are all so good that we will leave it to you to divide them up as you choose. We have been using these stickers for some time now and find them very productive. Any one of them can be used without the least chance of offense as they are all very courteous but to the point.

Yours very truly,
THE B R BAKER CO.

VC DW
enclosure



National Retail Credit Association

1218 Olive Street ST. LOUIS, MO.

18th and Pine St.
Opened March 1928

13th and Wyandotte
In the Heart of America

A City of charm
On the Old Spanish Trail

Garage Service

We QUOTE OUR TOP PRICE

\$2.50

On the Rio Grande
and the Mexican Border

Every room with
private bath &
ceiling fan

A MATTER OF ECONOMY

\$2.00

PERCY TYRELL
President

All of the Charts that have appeared in the CREDIT WORLD from time to time are available to those who want them arranged in pamphlet form. These charts are valuable we think as a quick review of credit facts—and especially enlightening to the analyst. * * * *



Bloppers « «

And Two Collection Letters To Be Used With Them!

Now—the "Character" picture on blotters . . . with two collection letters written especially for use with them.

The blotters—just the right size for check book or desk use—will be used over and over again, with a constant repetition of mental impressions.

The letters—written by the author of the "Better Letters Service"—will collect your current accounts and leave a pleasant "after-taste." Friendly companions for the blotters.

Copy for the two collection letters will be included with each order for 1000 or more blotters.

Order immediately and collect your Xmas accounts.

National Retail Credit Association

1218 Olive Street



St. Louis, Mo.

